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Más Inversión para el Desarrollo Alternativo Sostenible

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# MÁS INVERSIÓN PARA EL DESARROLLO ALTERNATIVO SOSTENIBLE

First Quarter Report FY' 08

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JANUARY 2008

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# ACRONYMS

|              |   |
|--------------|---|
| ABC          | Agribusiness Component  |
| ADAM         | Áreas de Desarrollo Alternativo en los Municipios   |
| ARD          | Associates in Rural Development   |
| BDC          | Business Development Component  |
| BIRF         | Banco Interamericana de Reconstrucción y Fomento  |
| CAF          | Corporación Andina Fomento  |
| CAPP         | Colombia Agribusiness Partnership Program   |
| CARS         | Corporaciones Autónomas Regionales  |
| CDM          | Clean Development Mechanism   |
| CFC          | Commercial Forestry Component   |
| CIF          | Certificado Incentivo Forestal de reforestación   |
| CONIF        | Corporación Nacional para la Investigación Forestal   |
| DCA          | Development Credit Authority  |
| FAO          | Food and Agricultural Organization  |
| FEDEMADERA   | Federación Nacional Maderera  |
| FINAGRO      | Fondo para el financiamiento del sector Agropecuario  |
| FIP          | Fondo de Inversión para la Paz  |
| FOMIPYME     | Fondo Colombiano de Modernización y Desarrollo Tecnológico de las Pequeñas y Medianas Empresas                        |
| FONAM        | Fondo Nacional Ambiental  |
| FPAA         | Fondo Para la Acción Ambiental  |
| FUPAD        | Fundación Panamericana para el Desarrollo   |
| GDA          | Global Development Alliance   |
| GEF          | Global Environmental Fund   |
| GoC          | Government of Colombia  |
| IDB          | Inter Development Bank  |
| IDP          | Internally Displaced Populations  |
| IESC         | International Executive Service Corps   |
| MAVDT or MMA | Ministry of the Environment   |
| MIDAS        | Mas Inversión para el Desarrollo Alternativo Sostenible   |
| MoA          | Ministry of Agriculture   |
| OAS          | Organization of American States   |
| OIM          | Organización Internacional para las Migraciones   |
| PC           | Project/Proposal Coordinator  |
| PCFP         | Plan Colombia Forestal Program  |
| PILAS        | Programa de Apoyo y Asistencia Humanitaria Integral a la Población Internamente Desplazada y Otros Grupos Vulnerables |
| PS           | Project Suppliers   |
| SME          | Small and Medium Enterprises  |
| TIMOs        | Timber Investment Management Organizations  |
| USAID        | United States Agency for International Development  |

# EXECUTIVE SUMMARY

MIDAS finished 2007 exceeding two of its four key 2007 Work Plan targets in terms of actual achievements: the target for New Jobs Created was exceeded in 104% and the target for Families Benefited was exceeded in 172%. Only 59% of the New Hectare and 49% of the Natural Forest hectares work plan goals were achieved. Climatic externalities and some delays in accessing bank credit deferred the New Hectare target. In the case of Natural Forestry, MIDAS began implementing during the quarter a revised Natural Forest strategy agreed to with USAID that puts more emphasis on strengthening the business management capabilities of selected Community Forestry Councils than on the production of more Forestry Management Plans.

During the quarter MIDAS engaged in a comprehensive portfolio review focused on the impact of different scaled-back contract funding scenarios. A side benefit of this process was a review and reform of the internal expenditure policy in the areas of Travel, Equipment, and Other Direct Costs that over the term of the contract will allow MIDAS to reduce costs and at the same time dramatically exceed contract targets. MIDAS also fully executed \$1.5 million in Acción Social funding during the quarter in a record time. As a result, MIDAS is in an excellent position to manage additional funding from USAID, Acción Social, and other sources and achieve greater regional impacts that target the most needed.

By the end of 2007 MIDAS had signed 407 grant agreements for projects committing funds for the planting of 125,509 New Hectares (58% of LoP), and the creation of 156,474 New Jobs (88% of LoP). The sum of all of these grant agreements is a \$71.2 million investment portfolio that will be carried into 2008. This investment portfolio is centered in ex-conflictive areas; achieves unprecedented leveraging (\$10 leveraged for every \$1 of USAID funds); has strong business sustainability and social capital formation; and establishes a significant institutional network of partners at central and regional levels.

At the component level, MIDAS assistance through the Policy component to the banking sector has resulted in a doubling of microloan lending and an expanded presence of banking services and investment in strategic Alternative Development areas. The SME component had projects in place to assist 6,458 micro, small and medium size companies create 117,831 new jobs. The Forestry component committed most of available funding for forestry plantations with 13,349 hectares now planted benefiting 3,331 families. In the process of establishing its New Hectares investment portfolio, the Agribusiness component is now engaged with working with and strengthening 112 producer associations that include more than 10,391 small-scale organized growers, representing almost 3% of all Colombian farmers.

# 1. OVERVIEW

## 1.1. DELIVERING ON COMMITMENTS

MIDAS is entering 2008 with only \$12 million in uncommitted Grants & Contracts budget line item funding for the SME, Agribusiness, and Forestry components. MIDAS has more Agribusiness and Commercial Forestry projects in its project development portfolio than it has the ability to finance. The MIDAS investment in these projects in terms of due diligence, economic and financial analyses, negotiations with banks, funding leveraging, and benefits to small farmers and vulnerable groups make them highly attractive and “saleable” to other financing institutions. The capabilities of the SME component’s unique project provider network also exceed the ability of MIDAS to finance all the employment generation projects that it produces. These demand-driven projects are also attractive because of their high job creation ability and resource leveraging. The demand for services from the Policy Component by private banks to help expand their microfinance and by different GoC agencies for institutional reform assistance also exceeds MIDAS’ resource availability.

MIDAS is reaching the point where its New Hectares establishment, Natural Forest Hectares, New Jobs creation, and Families Benefited achievements are producing significant and visible impacts in strategic Alternative Development areas. Results during the quarter raise cumulative achievements as follows:

**Table 1: Key Q1FY08 and Cumulative Indicator Achievements**

| Indicator               | LoP     | Achievements Q1 FY'08 | Cumulative | % of LoP |
|-------------------------|---------|-----------------------|------------|----------|
| Families                | 177,000 | 58,860                | 95,071     | 63       |
| New Hectares            | 217,239 | 13,807                | 43,677     | 20       |
| Natural Forest hectares | 150,000 | 13,918                | 30,646     | 20       |
| New Jobs                | 177,000 | 33,040                | 64,299     | 36       |

The MIDAS portfolio is rapidly approaching maturity. During FY08 Q1, MIDAS committed funding under the grants and subcontracts budget line item that will reach more than half of the program’s LoP targets, even though it has not yet reached the mid-term point of the contract. Currently, MIDAS has 407 projects in implementation, divided by the components as follows: CFC with 14 projects for forestry plantations, 5 pilot projects for sustainable management of natural forest, and 3 project for the design of a forestry management plan; ABC with 23 new projects and 25 projects which were previously managed by CAPP; and SMEC with 337 projects in rural and urban areas.

More important, MIDAS is strengthening alliances that will further increase the Alternative Development impact of its programs. MIDAS successfully executed an agreement with Acción Social to administer \$1.5 million in GoC funds as Plus Ups or for co-financing with USAID funded MIDAS projects. MIDAS is now supporting the planting of 26,902 new hectares of cacao—a 34% projected increase of the current number of hectares, and the rehabilitation of an additional 5,680 old hectares of cacao that will help avoid dual production structures (new productive area vs. old unproductive area) and will convert Colombia from a net importer of cacao to a net exporter. The 35,930 new hectares of African palm supported by

MIDAS represents 12% of the total national palm hectares. Without MIDAS support, the palm sector would belong primarily to medium and large farmers.

MIDAS is supporting a dramatic increase in the number of commercial forestry plantations in Colombia, from 140,000 ha to close to 210,000 ha. MIDAS is helping 32,700 small coffee producers take advantage of their natural specialty coffee endowment through assistance in adhering to numerous specialty coffee certification programs.

## **1.2. THE NUMBERS**

### **1.2.1. Overall Commitments**

This will be the last Quarterly Report with reporting on commitments of funding toward achievements of indicator targets. From now on we will report only on actual achievements. Tracking commitments was an important way to see MIDAS progress during its early stages where significant resources were being sub-obligated but accrual of indicators presented a lag time, given the nature of the projects. By 12/31/07, MIDAS had committed \$83,213,364 (75%) into sub-awards of its Life of Contract Grants & Contracts budget line item of \$110,904,669.

In terms of commitments, MIDAS surpassed all its WP07 goals for the quarter since components made an extraordinary effort to close the gap between targets and actual commitments for the year. As for cumulative commitments related to the LoP goals, it is worth mentioning the ACI indicators for families, with 104% (157,957 families) of the goal; new jobs with 93% of the goal (164,866); and new hectares planted, with 77% of the goal (168,007).

### **1.2.2. Overall Expenditures**

Total cumulative MIDAS expenditures at the end of December 2007 were \$ 57.6 million representing 32% of total life of contract funding available. Actual expenditures for Q1 FY'08 were \$13.1 million. This represents a 7% increase vs. the previous quarter. The program reached approximately 106% of its revised expenditure targets for CY2007 of \$44.8 million.

### **1.2.3. Overall Achievements**

For most of the components, the lag time between the commitment of funds and the recording of achievements has taken longer than expected. However, the fact that MIDAS has been so successful in exceeding its commitment targets is compensating for the lag time in recording achievements. A simple comparison of the progress in achievements during Q1 FY'08 compared to the progress through Q4 FY'07 shows how achievements are remarkably catching up and MIDAS met or exceeded almost of its 2007 work plan targets (see Table 3).

#### 1.2.4. The Small & Medium Enterprise Component

The SME Component now has its rural job creation capacity fully established enhancing its contribution to Alternative Development objectives. It also added new Project Provider entities specializing in assistance to vulnerable groups to its network of Project Providers that now totals 96 entities, 62 of which presented projects that received approval. During FY08 Q1 the component committed funds for the creation of 68,507 new jobs, strengthening 773 new firms and associations, and benefiting 68,507 new families, surpassing its quarterly goals for all indicators. Adding these figures to the cumulative commitments reported at the end of the previous quarter, the SMEC has now committed funds for the creation of a total of 122,538 full time equivalent (FTE) jobs, benefiting 122,538 families, and strengthening 7,586 firms. The jobs commitment trend represents an increase of 204% compared to the previous quarter, and a fulfillment of 274% of the 07 Work Plan and 94% of LoP goal.

At the end of 2007, the SME component had projects in place to assist 7,586 micro, small and medium size companies create 122,538 new jobs.

In terms of achievements, during FY08 Q1 the SMEC certified 27,895 FTE jobs, benefiting 52,143 families. In combination with the 16,738 cumulative FTE reported during the previous quarter, the SMEC has now certified a total of 44,633 new FTE jobs; this represents 103% of the WP07 target and 36% of LoP target. The component exceeded the commitment and achievement goals set in the WP07.

#### 1.2.5. The Commercial Forestry Component

At the end of the quarter, most of the funds available for forestry plantation activities had been committed. More than 13,300 hectares of forestry plantations have been planted to date benefiting more than 3,300 families. The component began the implementation of its revised Natural Forestry strategy that emphasizes the strengthening the business management capabilities of selected Community Forestry Councils rather than on the production of more Forestry Management Plans.

#### 1.2.6. The Agribusiness Component

ABC committed a total of 34,443 new hectares generating 10,671 new FTE jobs and benefiting 19,021 more families. These commitments represent 235% of the 2007 WP goal for the quarter in hectares, 160% of the employment goal, and 403% of the families' goal. In cumulative terms, ABC reached commitments for 81,726 hectares (55% of LoP goal), 24,790 new FTEs (80% of LoP goal), and benefited 25,484 families (135% of LoP).

In terms of quarterly achievements, the component accrued 6,397 hectares, benefited 5,276 families and created 3,382 new FTE jobs, which are 42%, 219%, and 106% of the WP 2007 goals for the quarter, respectively. In cumulative terms, the component had achievements of 28,785 hectares (19% of the LoP goal), 15,681 FTEs (51% of LoP goal), and 8,226 families benefited (44% of LoP goal). The component will commit over 100% of its goals for the year and will move into full fledged implementation during 2008.

### 1.2.7. Policy

The Policy component continued to deepen its demand driven policy reform effort to strengthen the competitiveness of key Colombian economic sectors and the institutional/regulatory framework that supports them. During Q1 FY'08 the component supported one law, 22 decrees, circulars and resolutions, two CONPES, and 24 institutional reforms; bringing the cumulative achievements to 64%, 123%, 53%, and 126% of the LoP goals, respectively.

### 1.2.8. Private and Public Sector Funds Leveraged

The CFC component is presently contributing only 14% of the total project investment and ABC

At the end of 2007 the MIDAS portfolio was supporting an overall investment of more than 650 million dollars.

component 10%. With an investment of 83.2 million, USAID/MIDAS funds are leveraging more than 746 million dollars in private and public funds. MIDAS' experience in the last quarter of CY07 in executing \$1.5 million in Acción Social funds that support 25 distinct MIDAS projects demonstrated several qualities and capabilities that should be useful in attracting funding from other donors. Only three months elapsed between execution of the framework agreement with Acción Social, execution of the 25 sub-

agreements, and expenditure of all funding. The expectation is that Acción Social will add more funding into this mechanism in the future.

## 1.3. THE PIPELINE

The pipeline includes all grant and contractual instruments that received USAID technical approval and require USAID CO or CTO approval before signature by MIDAS. Under the SME component there were 7 projects approved during the quarter that will be signed early next quarter. Once signed, these projects will result in the creation of 3,797 new jobs. The ABC component has 2 such projects related to a Pilot Project and training activities for the establishment of water melon in the Guajira Department. This is a Joint project with the Policy Component. All of these projects should be signed in the early part of the quarter and have the potential of yielding achievements that will be recorded in 2008.

## 2. MIDAS PROGRAM

### 2.1. ACHIEVEMENTS

#### 2.1.1. Key Indicators

During FY08 Q1 MIDAS commitments surpassed all 2007 WP goals for all ACI indicators (Table 2). In cumulative terms, the program has reached at least 70% of its LoP goals for all indicators with the exception of hectares of natural forest and the internal indicator for number of families. Although the number of hectares of natural forest is still below the expected level for this year, it has shown a significant increase with respect to previous quarters.

**Table 2: Commitments October to December 2007**

| Performance Indicators                      | SO       | IR       | LOP GOALS | 2007 (AWP target) | 2006   | 2007    | 2006 + 2007 | Q1 FY'08 (actual) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
|---|----------|----------|-----------|-------------------|--------|---------|-------------|-------------------|---------------------|--------------------------|
| Number of Jobs Created                      | SO2, SO3 | 2.1      | 177,000   | 82,470            | 8,392  | 156,523 | 164,915     | 82,649            | 190%                | 93%                      |
| New Hectares                                | SO2      | 2.1, 2.3 | 217,239   | 108,005           | 26,434 | 125,820 | 152,254     | 45,931            | 116%                | 70%                      |
| Hectares Supported (Attended)               | -        | -        | N.A.      | N.A.              | 0      | 38,506  | 38,506      | 38,506            |                     |                          |
| Managed Forest Hectares                     | SO4      | 2.1, 2.4 | 150,000   | 62,210            | 170    | 67,862  | 68,032      | 32,800            | 109%                | 45%                      |
| Number of Families Benefited                | SO5      | 2.1      | 151,437   | 64,626            | 7,813  | 151,582 | 159,395     | 90,825            | 235%                | 105%                     |
| Number of Families Benefited                | Internal | -        | 418,000   | 193,604           | 14,514 | 161,072 | 175,586     | 126,549           | 83%                 | 42%                      |
| Private Sector Firms Formed or Strengthened | SO2      | 2.1      | 10,505    | 3,033             | 1,235  | 6,419   | 7,654       | 557               | 212%                | 73%                      |

In terms of achievements, MIDAS showed again substantial growth in all indicators, when compared to the previous quarter. The number of New Jobs created (33,040) more than doubled the figure for the previous quarter (14,500). The number of Families Benefited increased three-fold with respect to the previous quarter (58,860 versus 17,998). The hectares of Natural Forest continued its trend from last quarter, adding 13,918 for a cumulative figure of 30,646, while the number of new Forestry Plantation hectares planted increased from 12,927 to 13,807. These figures (Table 3) give MIDAS a level of accomplishment between 20% and 80% of the LoP goals, at a time when the program has completed its second year of operation. For the first time, the program is reporting on the number of Supported Hectares that receive program financed technical assistance, which have reached 25,152 hectares, an impressive figure that represents close to 100,000 hectares that have received some level of attention from the program. The inclusion of the new indicator for Supported Hectares allows for more uniformity with ADAM and allows USAID to “capture” to full dimension of the MIDAS impact in rural areas.

**Table 3: Achievements October to December 2007**

| Performance Indicators                      | SO       | IR       | LOP GOALS | 2007 (AWP target) | 2006   | 2007    | 2006 + 2007 | Q1 FY'08 (actual) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
|---|----------|----------|-----------|-------------------|--------|---------|-------------|-------------------|---------------------|--------------------------|
| Number of Jobs Created                      | SO2, SO3 | 2.1      | 177,000   | 56,899            | 5,267  | 59,032  | 64,299      | 33,040            | 104%                | 36%                      |
| New Hectares                                | SO2      | 2.1, 2.3 | 217,239   | 68,241            | 3,361  | 40,315  | 43,676      | 13,807            | 59%                 | 20%                      |
| Hectares Supported (Attended)               | -        | -        | N.A.      | N.A.              | 0      | 25,152  | 25,152      | 25,152            |                     |                          |
| Managed Forest Hectares                     | SO4      | 2.1, 2.4 | 150,000   | 62,302            | 78     | 30,568  | 30,646      | 13,918            | 49%                 | 20%                      |
| Number of Families Benefited                | SO5      | 2.1      | 151,437   | 54,428            | 1,373  | 93,698  | 95,071      | 58,860            | 172%                | 63%                      |
| Number of Families Benefited                | Internal | -        | 418,000   | 194,093           | 10,327 | 122,591 | 132,918     | 56,746            | 63%                 | 32%                      |
| Private Sector Firms Formed or Strengthened | SO2      | 2.1      | 10,505    | 3,036             | 1,187  | 7,207   | 8,394       | 5,174             | 237%                | 80%                      |

Figure 13 to Figure 18 show the geographic distribution of MIDAS projects by corridor, component, and municipality. MIDAS has projects in all corridors and departments, and is achieving a wide regional distribution, particularly in rural areas.

## 2.1.2. Performance Indicators

During this reporting period, MIDAS continued its effort to improve program performance by using the SIMApproval Information system and streamlining internal processes and procedures. Table 4 details the Program Management Indicators achieved by MIDAS during this reporting period:

**Table 4: MIDAS Grants & Contracts Office Actions**

| Indicator  | During the Previous Reporting Period | During this Reporting Period | Cumulative (excluding Cancelled and not Approved) |
|--|--------------------------------------|------------------------------|---|
| Grants Issued  | 103                                  | 94                           | 393   |
| Contracts Issued (Excluding US issued Task Orders)                       | 10                                   | 7                            | 58  |
| Task Orders Issued (Excluding US issued Task Orders)                     | 7                                    | -                            | 7   |
| Pre Award Responsibility Determination Studies Performed                 |                                      |                              | 54  |
| Request for Proposals Issued   | 3                                    | 2                            | 28  |
| Daily Rate Approvals Issued  | 9                                    | -                            | 51  |
| Value of commitments – Values in COP\$ (Excluding US issued Task Orders) | 19,967,216,650.00                    | 39,663,052,160.19            | 114,635,332,114.68                                |

Last quarter showed an impressive reduction in the time it took MIDAS to submit projects for USAID approval after final approval by the internal MIDAS review committee, which was cut by half. For this quarter, the cumulative time has been maintained (from 44 to 45 days), but significant gains have been obtained in the internal USAID approval time—from 31 to 24 days.

### 2.1.3. Financial indicators

By the end of Q1 FY'08 MIDAS spent 31.7% of the total budget of \$ 182 million for the life of the program (Table 5). During Q1 FY'08 MIDAS expenditures totaled \$ 13,100,019 a 7% increase over the previous quarter. Expenditure achievements during the present quarter represent a 29.2% increase over the total expenditures achieved during the life of the program up to September 2007. By the end of 2007, we were able to meet 106.1% of the latest expenditure projections agreed to with USAID, but only 68% of the initial WP expenditure projections.

**Table 5: Total Cumulative Expenditures to December 31, 2007 by CLIN – MIDAS Program**

|   | Budget             | Clin 1<br>Small &<br>Medium<br>Sized<br>Enterprises<br>(SME)<br>Development | Clin 2<br>Agribusiness | Clin 3<br>Commercial<br>Forestry | Clin 4<br>Policy &<br>Institutional<br>Reform | Total<br>Spent<br>Inception to<br>12/31/07 | Remaining<br>to<br>12/21/10 | % Spent      |
|---|--------------------|---|------------------------|----------------------------------|---|--|-----------------------------|--------------|
| Personnel<br><b>Total Personnel</b>           | <b>19,696,765</b>  | <b>2,895,876</b>  | <b>2,618,377</b>       | <b>1,911,332</b>                 | <b>879,560</b>                                | <b>5,240,687</b>                           | <b>14,456,078</b>           | <b>26.6%</b> |
| Fringe Benefits                               | 7,831,019          | 1,107,627   | 1,141,054              | 784,821                          | 409,886                                       | 3,443,388                                  | 4,387,631                   | 44.0%        |
| Travel & Transportation                       | 9,334,697          | 588,999   | 661,531                | 447,551                          | 1,165,078                                     | 2,863,159                                  | 6,471,538                   | 30.7%        |
| Allowances                                    | 2,761,279          | 171,919   | 237,259                | 156,880                          | 74,888  | 640,946                                    | 2,120,333                   | 23.2%        |
| Subcontracts                                  | 110,904,669        | 4,845,308   | 12,074,546             | 3,610,848                        | 9,304,465                                     | 29,835,167                                 | 81,069,502                  | 26.9%        |
| Equipment                                     | 739,403            | 485,173   | 327,668                | 238,677                          | 211,785                                       | 1,263,303                                  | (523,900)                   | 170.9%       |
| Other Direct Costs                            | 4,990,229          | 1,073,972   | 859,444                | 637,238                          | 595,111                                       | 3,165,765                                  | 1,824,465                   | 63.4%        |
| <b>Subtotal</b>                               | <b>156,258,061</b> | <b>11,168,874</b>   | <b>17,919,879</b>      | <b>7,787,346</b>                 | <b>12,640,773</b>                             | <b>49,516,872</b>                          | <b>106,741,189</b>          | <b>31.7%</b> |
| Indirect Costs<br><b>Total Indirect Costs</b> | <b>18,616,236</b>  | <b>1,718,384</b>  | <b>1,936,458</b>       | <b>1,238,619</b>                 | <b>949,982</b>                                | <b>5,843,444</b>                           | <b>12,772,792</b>           | <b>31.4%</b> |
| Fixed Fee                                     | 7,173,798          | 539,275   | 829,188                | 377,557                          | 566,859                                       | 2,312,880                                  | 4,860,918                   | 32.2%        |
| <b>Total Costs &amp; Fixed Fee</b>            | <b>182,048,095</b> | <b>13,426,533</b>   | <b>20,685,526</b>      | <b>9,403,523</b>                 | <b>14,157,614</b>                             | <b>57,673,196</b>                          | <b>124,374,899</b>          | <b>31.7%</b> |
| <b>Percentages by CLIN</b>                    |                    | <b>23.3%</b>  | <b>35.9%</b>           | <b>16.3%</b>                     | <b>24.5%</b>                                  | <b>100.0%</b>                              |                             |              |

## 2.2. NEXT QUARTER OBJECTIVES

MIDAS committed most of its Grants & Contracts budget line item portfolio by the end of CY 2007 resulting in a heavy implementation work load in 2008. To date, we have a portfolio of 529 projects in the four business components under active implementation. Projects represent a potential investment of \$91.2 million, of which \$64.9 are already in implementation phase, \$16.4 million are in approval and \$9.8 million are in development. They represent 100% of the LoP goal (Portfolios for each component appear in **Annex 1**).



**Table 6: Portfolio Status as of December 31, 2007**

| COMPONENT           | PROJECTS   | PROJECTS TOTAL COST (COP \$000)* | MIDAS AMOUNT (COP \$000)* | TOTAL VALUE PROJECTS IMPLEMENTATION ONLY (COP \$000)* | MIDAS SUPPORT IMPLEMENTATION ONLY (COP \$000)* | MIDAS %      | MIDAS APPROVAL PHASE (COP \$000) | MIDAS DEVELOP. PHASE (COP \$000) |
|---------------------|------------|----------------------------------|---------------------------|---|--|--------------|----------------------------------|----------------------------------|
| SME                 | 404        | 467,499,548                      | 45,729,413                | 442,073,513   | 35,876,476                                     | 8.12%        | 1,086,958                        | 8,765,980                        |
| Commercial Forestry | 34         | 241,989,230                      | 33,869,082                | 223,028,465   | 27,599,748                                     | 12.37%       | 1,141,466                        | 5,127,868                        |
| Agribusiness        | 58         | 828,415,506                      | 83,327,149                | 732,616,425   | 72,852,844                                     | 9.94%        | 3,717,000                        | 6,757,305                        |
| Policy**            | 33         | 28,604,274                       | 28,604,274                | 0   | 0  |              | 28,604,274                       | 0                                |
| <b>SUBTOTAL</b>     | <b>529</b> | <b>1,566,508,558</b>             | <b>191,529,918</b>        | <b>1,397,718,404</b>                                  | <b>136,329,068</b>                             | <b>9.75%</b> | <b>34,549,697</b>                | <b>20,651,153</b>                |

\* An average exchange rate of COP \$ 2,100 was used to convert Projects Portfolio from pesos to dollars.

\*\* Policy Activities are classified on approval phase since 2008 and 2009 are to be signed but not signed yet.

# 3. SMEC

“Small and medium enterprises are expanding as a result of MIDAS support and now the department of Santander has a more competitive and thriving business culture.”  
*Gustavo Sepúlveda, manager of ACOPI Board*

## 3.1. ACHIEVEMENTS

### 3.1.1. Key Indicators

The SMEC continued to expand its project’s portfolio with a consequent increase in New Jobs created, Families Benefited, and business firms strengthened. In terms of regional presence and impact, the SMEC is operational in 447 municipalities in all 6 MIDAS corridors - 359 classified as rural (80%) and 88 as urban (20%). This compares to the end of September 2007 when the component was only present in 266 municipalities - 178 rural (67%) and 88 urban (33%). During the quarter the SMEC certified a record 27,895 new FTE jobs and benefited 59,432 families. Adding this figure to the 16,738 cumulative FTE jobs reported as of the end of September 2007 the SMEC has now certified a cumulative total of 44,633 new FTE jobs, benefited 132,918 families and strengthened 8,373 firms. These results represent an increase of 288% compared to the previous quarter and a fulfillment of 102% of the 2007 Work Plan targets (Table 7).

In addition to the new jobs indicator, the component’s rural emphasis led to the establishment of new goals for the New Hectares and Supported Hectares indicators. At the end of 2007 the component had committed funding into grant instruments that will result in the planting of 10,682 new hectares of which 1,079 (10%) were certified in FY08 Q1 and the rest are expected to be certified in 2008. It also certified the 20,565 of additional Supported Hectares. These results are a strong indicator of the significant impact the component is having in rural areas.

**Table 7: SMEC Achievements for the Quarter**

| ACHIEVEMENTS                      |           |          |                       |                           |
|-----------------------------------|-----------|----------|-----------------------|---------------------------|
| Performance Indicators            | LOP GOALS | Q1 FY'08 | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| 1. Number of Jobs Created         | 125,000   | 27,895   | 12,534                | 223%                      |
| 2. New Hectares                   | 15,000    | 1,079    | N.A.                  | N.A.                      |
| 2.1 Hectares Supported (Attended) | 25,000    | 20,565   | N.A.                  | N.A.                      |
| 3. Number of Families Benefited   | 125,000   | 52,143   | 12,534                | 416%                      |

|   |                  |          |          |      |
|---|------------------|----------|----------|------|
| <b>3.1 Number of Families Benefited (Internal)</b>    | <b>418,000</b>   | 56,746   | 44,331   | 128% |
| <b>4. Private Sector firms Formed or Strengthened</b> | <b>10,400</b>    | 5,160    | 593      | 870% |
| <b>9. MIDAS Total Project Support (\$000)</b>         | <b>\$ 26,000</b> | \$ 2,218 | \$ 2,719 | 82%  |

**Table 8: SMEC Achievements LoP**

| Performance Indicators                                | LOP GOALS        | ACHIEVEMENTS |            |                   |          |             |                   |                     |                          |
|---|------------------|--------------|------------|-------------------|----------|-------------|-------------------|---------------------|--------------------------|
|   |                  | 2006         | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007     | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| <b>1. Number of Jobs Created</b>                      | <b>125,000</b>   | 37           | 16,701     | 27,895            | 44,596   | 44,633      | 43,512            | 102%                | 36%                      |
| <b>2. New Hectares</b>                                |                  | 0            | 0          | 1,079             | 1,079    | 1,079       | N.A.              | N.A.                | N.A.                     |
| <b>2.1 Hectares Supported (Attended)</b>              |                  | 0            | 0          | 20,565            | 20,565   | 20,565      | N.A.              | N.A.                | N.A.                     |
| <b>3. Number of Families Benefited (ACI)</b>          | <b>125,000</b>   | 520          | 30,645     | 52,143            | 82,788   | 83,308      | 43,512            | 190%                | 67%                      |
| <b>3.1 Number of Families Benefited (Internal)</b>    | <b>418,000</b>   | 10,327       | 65,845     | 56,746            | 122,591  | 132,918     | 150,581           | 81%                 | 32%                      |
| <b>4. Private Sector firms Formed or Strengthened</b> | <b>10,400</b>    | 1,205        | 2,008      | 5,160             | 7,168    | 8,373       | 2,978             | 241%                | 81%                      |
| <b>9. MIDAS Total Project Support (\$000)</b>         | <b>\$ 26,000</b> | \$ 3         | \$ 2,261   | \$ 2,218          | \$ 4,479 | \$ 4,482    | \$ 8,949          | 50%                 | 17%                      |

During FY08 Q1 the component committed funds for the creation of 68,507 new jobs, benefiting 76,548 families and strengthening 773 firms and associations. Adding these figures to the cumulative commitments reported at the end of the previous quarter, the component has committed funds for the creation of a total of 122,538 new jobs, benefiting 175,586 families, and strengthening 7,586 firms. The jobs commitment trend represents an increase of 200% compared to the previous quarter, and a fulfillment of 274% of the 07 Work Plan and 98% of LoP goal (Table 9). As a consequence of this accelerated rate of commitments required to reach the 2007 Work Plan achievement goals, the SMEC confidently estimates that the LoP goals will be reached by the end of CY2008 for jobs created, and by CY2009 for resources disbursed, enabling the SMEC component to phase out operations by the end of 2009 – a year ahead of schedule.

**Table 9: SMEC Commitments for the Quarter**

| Performance Indicators                   | LOP GOALS      | COMMITMENTS |                       |                           |
|--|----------------|-------------|-----------------------|---------------------------|
|  |                | Q1 FY'08    | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| <b>1. Number of Jobs Created</b>         | <b>125,000</b> | 68,507      | 9,072                 | 755%                      |
| <b>2. New Hectares</b>                   | <b>15,000</b>  | 10,682      | N.A.                  | N.A.                      |
| <b>2.1 Hectares Supported (Attended)</b> | <b>25,000</b>  | 38,506      | N.A.                  | N.A.                      |
| <b>3. Number of Families Benefited</b>   | <b>125,000</b> | 68,507      | 43,023                | 159%                      |

|   |                  |        |        |      |
|---|------------------|--------|--------|------|
| <b>3.1 Number of Families Benefited (Internal)</b>    | <b>418,000</b>   | 76,548 | 40,869 | 187% |
| <b>4. Private Sector firms Formed or Strengthened</b> | <b>10,400</b>    | 773    | 593    | 130% |
| <b>9. MIDAS Total Project Support (\$000)</b>         | <b>\$ 26,000</b> | 8,035  | 1,887  | 426% |

**Table 10: SMEC Commitments LoP**

| Performance Indicators                                | LOP GOALS        | COMMITMENTS |            |                   |           |             |                   |                     |                          |
|---|------------------|-------------|------------|-------------------|-----------|-------------|-------------------|---------------------|--------------------------|
|   |                  | 2006        | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007      | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| <b>1. Number of Jobs Created</b>                      | <b>125,000</b>   | 4,707       | 49,324     | 68,507            | 117,831   | 122,538     | 43,023            | 274%                | 98%                      |
| <b>2. New Hectares</b>                                |                  | 0           | 0          | 10,682            | 10,682    | 10,682      | N.A.              | N.A.                | N.A.                     |
| <b>2.1 Hectares Supported (Attended)</b>              |                  | 0           | 0          | 38,506            | 38,506    | 38,506      | N.A.              | N.A.                | N.A.                     |
| <b>3. Number of Families Benefited (ACI)</b>          | <b>125,000</b>   | 4,707       | 49,324     | 68,507            | 117,831   | 122,538     | 43,023            | 274%                | 98%                      |
| <b>3.1 Number of Families Benefited (Internal)</b>    | <b>418,000</b>   | 14,514      | 84,524     | 76,548            | 161,072   | 175,586     | 150,581           | 107%                | 42%                      |
| <b>4. Private Sector firms Formed or Strengthened</b> | <b>10,400</b>    | 1,205       | 5,608      | 773               | 6,381     | 7,586       | 2,978             | 214%                | 73%                      |
| <b>9. MIDAS Total Project Support (\$000)</b>         | <b>\$ 26,000</b> | \$ 788      | \$ 9,558   | \$ 8,035          | \$ 17,593 | 18,381      | \$ 8,949          | 197%                | 71%                      |

### 3.1.2. Other Indicators

#### Families benefited

During FY08 Q1, SMEC support and technical assistance has benefited 56,746 families through stable job creation, resulting in an increase in family income and quality of life. Of this total, 52,663 are families of individuals that were hired during the execution of the expansion programs, and 4,603 correspond to families of individuals that were already working in the businesses strengthened by the SMEC support.

#### Firms strengthened

As a result of SMEC technical assistance support, 5,160 firms were strengthened or created during this period. Adding this figure to 3,213 cumulative firms strengthened during CY2007, the cumulative total is 8,373 firms by the end of December (81% of LoP goal and 241% of WP 2007 goal). To date the SMEC has supported nearly 70 producer associations, compared to an overall project goal of just 8.

#### MIDAS support

During FY08 Q1 the component disbursed \$2,218,418, 92% to consultants for services provided to business to expand their operations and 8% to project suppliers for packaging of projects. To date the

component has disbursed resources for \$ 4,479,418. The amount disbursed represents 50% of the 2007 Work Plan goal and 17% of the life of program goal.

Evidencing a similar behavior to other relevant indicators, the amount of funding committed into grant instruments during CY2007 represents 193% of the Work Plan goal and 70% of the life of program goal. As for the other indicators, this trend generates confidence in the ability of the component to continue its fulfillment of the goals during CY2008.

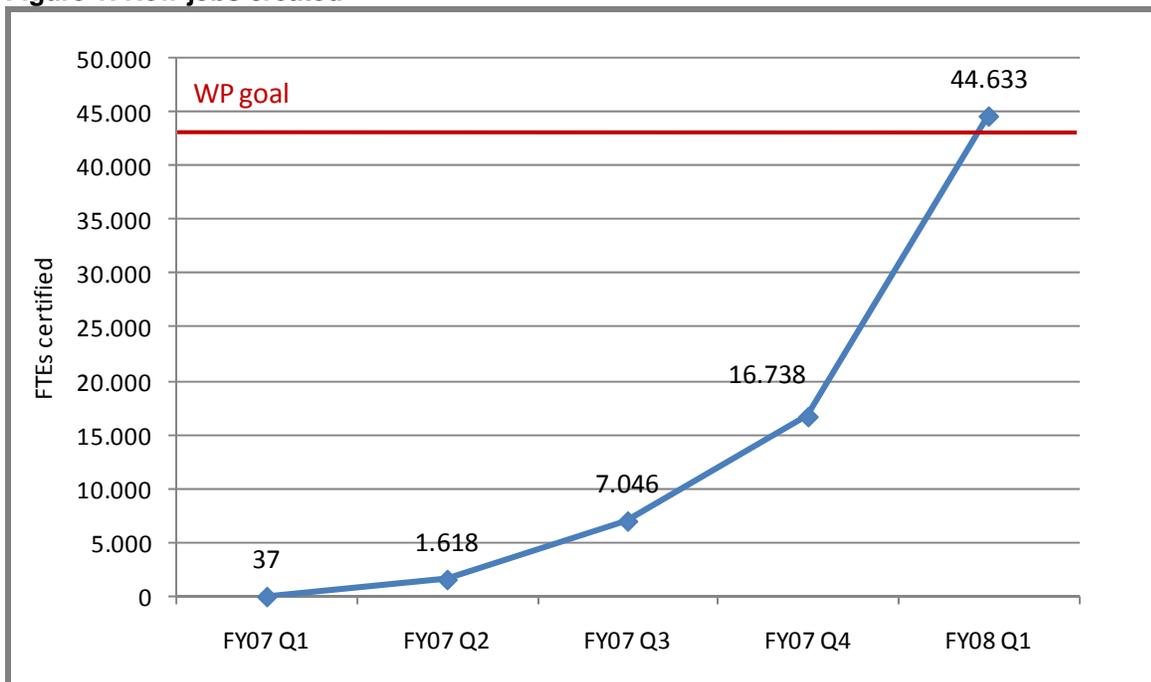
### Project supplier’s network

During 2007, 65% of the network became active, meaning that 62 project suppliers presented proposals that were approved. These institutions were instrumental in the component’s success in attaining the ambitious 2007 goals, and were able to identify, develop, and present to MIDAS a high volume of productive proposals that are turning out to be powerful tools in building licit productive alternatives for vulnerable populations in Colombia.

### 3.2. HOW WE DID IT

As shown in the previews tables, in FY08 Q1 the component increased by 2.9 times the number of New Jobs certified last quarter (9,692). The actual number of New Jobs certified during the quarter is 2.7 times larger than the cumulative New Jobs reported by the end of September 2007 (16,701). Furthermore, the cumulative number of New Jobs certified more than doubled the number reported in the previous quarter, demonstrating an exponential growth trend in the component’s performance quarter by quarter.

Figure 1: New jobs created



These results can be directly attributed to the successful implementation of a detailed “shock” action plan in the last quarter, which resulted in the fulfillment of the Work Plan goals, especially for the New Jobs indicator. Implementation of accelerated implementation actions under the “shock” action plan also allowed the component to optimize its procedures and the skills of its staff to efficiently work under the current conditions of a high volume, demand-driven model. In summary, the SMEC put into place the final elements of a successful operational model that will allow the component to enter into CY2008 with a large portfolio of active projects and fully commit remaining available funds.

The “shock” implementation action plan defined a strategy to focus on project implementation and optimization of its operations, through the following activities:

- Limit the number of regional new proposal review committees. The number of regional committees held was reduced from every 15 days to just 1 per month. This gave the regional teams the opportunity to focus on project implementation.
- Define the high-priority projects based on their importance for SMEC goals and projected job creation trend.
- Reallocate project specialists responsible for the development of SMEC high-priority projects based on an effectiveness and work load assessment. Along those same lines, the Technical Assistance Coordination at the National Office was reinforced with the support of two specialists previously assigned to the Technical Coordination of Proposals. This organizational reallocation marked the beginning of the change of emphasis to the CY2008 structural objectives and an implementation focus.
- Empower project assistants to assume project specialist responsibilities. The shock plan gave project assistants them the opportunity to take on greater responsibilities and put in practice what they had learned.
- Establish an agenda and develop tools to closely monitor high-priority projects.

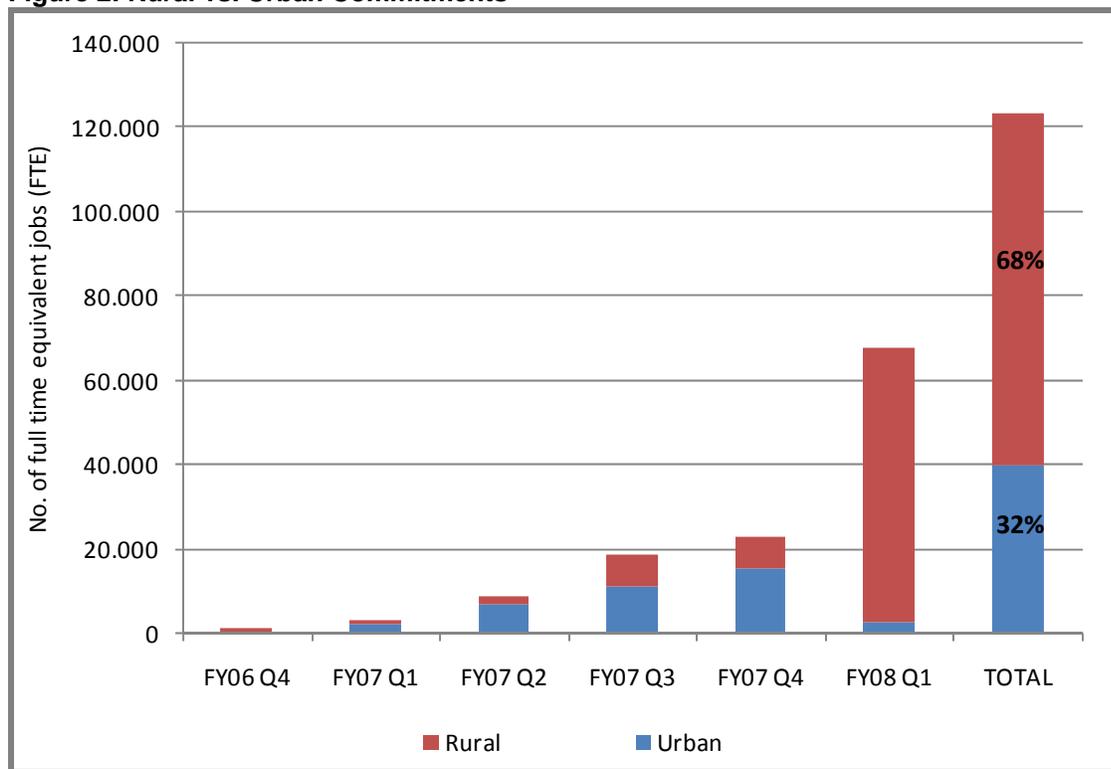
### **3.2.1. Building the Foundations for Sustainable Economies in Rural Areas**

During FY08 Q1 the SMEC certified 15,688 New Rural Jobs in 227 rural municipalities. Adding this figure to the 3,850 cumulative Rural FTE Jobs in 174 rural municipalities at the end of September 2007, the SMEC has certified a cumulative total of 19,538 Rural FTE Jobs in 250 rural municipalities. This figure represents an increase of nearly 4 times the number of cumulative Rural New Jobs reported last quarter; 35% of the total New Jobs certified and 239% of fulfillment of the quarter goal.

The total New Rural Jobs certified to date and the number of municipalities being impacted has been possible through the support of 90 rural projects oriented towards strengthening managerial and productive capacities of small rural producers. After receiving the technical assistance provided by the SMEC these organizations will have strong administrative, productive and market linkages that will allow them to continue generating stable and sustainable jobs.

During this quarter, the SMEC signed 32 rural projects (50% of total projects committed), representing 47,637 (70%) committed jobs, and a total support from MIDAS of \$5,023,547 (63%). As can be seen in the following graph, the share of rural jobs committed continues to grow. This growth will continue achievements for CY2008 as well.

**Figure 2: Rural vs. Urban Commitments**



### 3.2.2. Access to Employment for Vulnerable Groups

Generating employment for vulnerable populations is fundamental in reducing their exposure to illicit activities. During this quarter the SMEC certified 5,341 new jobs that benefited indigenous, Afro-Colombians, female heads of households, and displaced and demobilized populations.

In terms of commitments, \$ 2,864,449 (36%) of the resources committed during this quarter was awarded to projects supporting these groups in strategic regions and municipalities, and these projects are expected to generate 9,582 New Jobs.

### 3.2.3. Synergies with Acción Social

In terms of cooperation with Acción Social, the SMEC has been working closely to identify, formulate and support projects involving vulnerable populations and Familias Guardabosques (FGB), considered of high priority to Acción Social. Projects developed by the Component under the Acción Social – ARD agreement, amount to \$756,000 of a total of \$1.5 million. The projects identified within this agreement, will generate 3,175 new jobs, benefit 3,000 FGB, and commit \$520,000 additional resources or MIDAS contribution. It is important to mention that this work allowed the component to support the continuity of Colombian government initiatives in alternative development and provided it with valuable experience in managing third parties funds.

In terms of business sectors, five of these projects are oriented towards building productive and marketing capabilities in bee-keeping activities in an important number of municipalities including Antioquia (Turbo, Necoclí and San Pedro de Urabá), Magdalena (Santa Marta, Ciénaga, Fundación and Aracataca), Norte de Santander (Sardinata), Santander (Bolívar and Sucre) and Huila (San Agustín). In the agribusiness sector, three projects will enhance the productive processes of high quality coffees in small coffee growers in Boyacá (Otanche) and Huila (Pitalito, La Plata and Iquira). In the cattle ranching and farming sector, three projects will be focused on implementing productive processes in Norte de Santander (Sardinata), Huila (Santa María, Pitalito, La Plata y San Agustín) and Bolívar (Santa Rosa del Sur). In the Oilseed and Grain Farming sector, three projects are focused on developing managerial processes and business strategies in small associations in Cesar (Valledupar, Becerril, Pailitas, La Jagua, El Paso, Chimichangua, Chiriguana), Magdalena (Ariguaní) and Santander (Sabana de Torres). Finally, in the tourism sector, the SMEC will support FGB in optimizing business strategies and quality standards for their Posadas Ecoturistas initiative in Santa Marta near the Sierra Nevada.

### **3.3. WHAT WE NEED TO CONSOLIDATE THE STRATEGY**

In order to maintain the fulfillment of the component goals, the component must continue to operate in line with standards of excellence and ensure that 2008 will be the year of the consolidation in terms of its model and results. Therefore, it will be necessary to focus efforts on the following strategic issues:

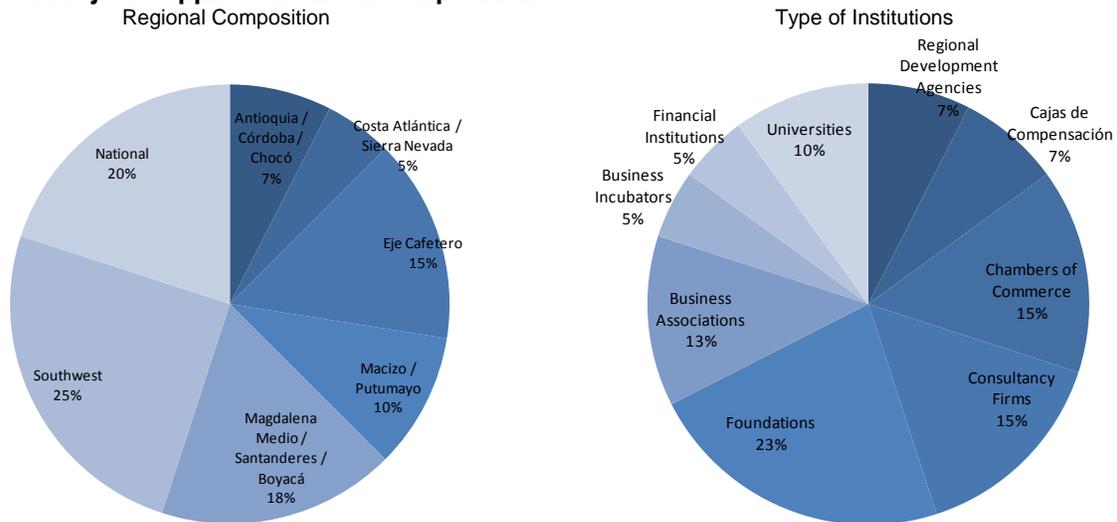
- During this quarter the SMEC carried out an exercise aimed at gathering information regarding all potential projects identified by our Project Suppliers Network to be presented in 2008. This pipeline was refined according to the criteria of political commitment, geopolitical importance, project progress, beneficiaries and USAID policy priorities. Likewise, several scenarios were projected pursuant to different budget scenarios. Based on the above-mentioned criteria, this effort allowed us to identify 139 projects including projects in the development phase and complemented by projects approved but pending formalization. This finalized SMEC priority project portfolio, in addition to the Project Management and the SIM Project Systems, are tools which will enable the component to more precisely plan its 2008 activities and specially track its performance in terms of MIDAS contribution disbursements.
- The evolution of the component and its focus on implementation for 2008 has to be associated with the optimization of the Project Suppliers Network. After evaluating the performance of each institution throughout 2007, weighing their regional representation and analyzing their expertise and specialization, the Project Suppliers Network for 2008 will be reduced to no more than 40 institutions compared to the 96 during 2007. Thirty eight are currently part of the network while two additional BPAS will be negotiated with the Cámara de Comercio de Tumaco and Planeación Estratégica y Desarrollo Institucional –PEYDI–, entities that will develop projects in Tumaco, Guapi and Timbiquí, benefiting an important number of Afro-Colombian communities.

Additionally, in 2008 Project Provider performance fees will be adjusted according to the 2007 performance of each institution. The evaluation scheme of the Project Suppliers Network will take into consideration the following criteria:

- No. of promotional activities developed
- No. of proposals presented (approved, rejected, incomplete)
- No. of approved jobs

- Average cost per approved job
- No. of new jobs created (rural and vulnerable groups jobs certified)

**Figure 3: Project Suppliers network composition**



- As of the end of 2007, approximately 10% of the SMEC grantees had formally concluded their technical assistance. This means 90% of the portfolio committed in 2007 is still in the implementation phase. The main results and impact of the SMEC intervention is still to come, highlighting the importance of the focus on project implementation to ensure that project goals, grantee expectations, technical assistance service provider aspirations, as well as other stakeholder aims, are fulfilled.
- The component will develop and share knowledge on the impact of projects currently in the implementation phase and the SMEC operational model identifying Best Practices and Lessons Learned. The Component will also generate case studies for each of the geographical regions and economic sectors, and concept papers aimed at transmitting the benefits of the operational model designed by the component and its ability to efficiently administer resources to support productive projects on a large scale demand-driven approach.
- Further development of the capabilities of the business development and expansion consultancy sector will be a positive externality resulting from the MIDAS SMEC intervention that should be fully developed and taken advantage of. Although all businesses could benefit from technical assistance at some time or another and regardless of size or sophistication, the use of this type of service is not generally leveraged among businesses in Colombia. Based on the SMEC experience, in 2008 the component will consolidate and generate information from project implementation and business service providers on this type of service and development of the market.



Now that the component has reached a high volume of projects under implementation, the need for more detailed, reliable and opportune information has become evident. The component urgently requires the availability and full operation of appropriate information systems, particularly, a customized version of the Invoice Tracking System and a Project Management System.

## In Cúcuta- Exporting Timber: Working Together Turns a Dream to Reality

Since childhood, Gabriel Duarte has dedicated himself to woodworking and dreamed of selling his products to international markets. Gabriel is from Northern Santander, a department in northeastern Colombia, where the art of woodworking has a tradition that spans almost 100 years. Though renowned for their skill, talent, and beautiful furniture, typical Cucuta craftsmen have been stuck in an old fashioned business model: independently working from their home studios with no plan for business expansion or collaboration. That story started to change 5 years ago when Gabriel created IMAS, the Association of Wood Industrialists.



Modern wood working machinery is on its way to this artisan's workshop. Instruction in the latest techniques in furniture design will allow beneficiaries of the project to be more competitive internationally.

Under Gabriel's leadership, the 27 members of IMUS decided it was time to change the way they made and sold furniture. They set their goals: to sell their products to large national department store chains and to enter profitable international markets- like neighboring Venezuela. To achieve their objectives, they chose what they thought was a simple formula: working together as a team. This proved to be more challenging than expected, but nonetheless, after a couple of years, IMUS became competitive enough to supply their furniture to chain department store warehouses. Now it was time to go to the next level with

exporting and that's when they realized they needed guidance.

They looked to MIDAS, Additional Investment for Sustainable Alternative Development (*Mas Inversion para el Desarrollo Alternativo Sostenible*), a USAID funded program working in cooperation with the Colombian government, for support. To realize their dreams of selling internationally, they needed to develop new management strategies and invest in improving the design of their products, a key component to become a viable exporter. With the MIDAS' support of 80 million pesos (roughly US\$40,000) and expertise from industry experts, they are now developing an innovative technology which involves a business plan for creating furniture with modern design and high quality.

Every Thursday at 7:00 in the evening, the associates meet in the facilities of the local vocational school (el SENA) to receive training. *"It's really exciting to see the people's motivation. After working all day, they come and spend another three hours to learn new techniques to apply to our products which will take them to the next level marketwise- because of that, nobody wants to miss a class. There are people like Alvaro Garcia who come from Pamplona, a city two hours away, and who has never missed a lesson. These people are totally committed."*, says Gabriel Duarte, founder

and director of IMAS.

Now, they are preparing to launch 5 new unique products with exclusive designs and detailing. All of their hard work and training has paid off and they are now exhibiting their pieces to scrutinizing buyers in the home furnishing fairs of Bogota and Caracas.

Once the IMAS associate gets feedback or orders from this stage- they will get ready to face the challenges of technological innovation. "The small home workshops are a thing of the past- like rusty machinery", affirms Gabriel Duarte and adds, "now, working together, we will be able to invest in technology that allows all of us to improve the precision and speed of our work process. The dream definitively has turned into reality."

## 4. CFC

“The best results about receiving MIDAS assistance (for a Gmelina tree plantation) is the new alliance established between business leaders and the members of our agriculture cooperative; the business opportunities are good and the workers are now paid better wages.”  
*Berta González, manager of Cooperativa de Trabajo Asociado de Zambrano, Coopzam*

### 4.1. KEY ACHIEVEMENTS

This quarter has been successful because of the progress in the implementation of major grant agreements both in forestry plantations and natural forest (which includes new Forest Management Plans - (FMPs)). The strategy of “best forest management” in natural forest is now being applied in four of the five pilot project communities, consistent with their officially approved FMPs. By the end of the contract the CFC will achieve close to 107,000 hectares of natural forest under best forest management. In this context “**Best Forest Management**” is a series of activities directed at protecting and enhancing the assets of community-owned natural forests. These activities include proper planning, sustainable forest use, the development of non-timber economic alternatives, strengthening the governance of the territory, the adoption of best practices for the rehabilitation and restoration of forests, and the valuation of environmental services so that they receive economic recognition from society. However, to implement these activities, the community has to have an approved FMP and the community, represented by the board of directors of the community council or town house, must sign an agreement with MIDAS regarding the terms and conditions of the grant, which has to be ratified by a general assembly of members of the community.

#### 4.1.1. Key Indicators

Progresses against CFC targets for the quarter were excellent which in turn contributed toward excellent progress toward the 2007 Work Plan targets. Achievements during the quarter were significantly high when compared to those accumulated on September 30, 2007, as shown in the following tables:

**Table 11**

| Performance Indicators            | ACHIEVEMENTS |          |                       |                           |
|-----------------------------------|--------------|----------|-----------------------|---------------------------|
|                                   | LOP GOALS    | Q1 FY'08 | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| 1. Number of Jobs Created         | 21,000       | 1,764    | 1,614                 | 109%                      |
| 2. New Hectares                   | 67,500       | 6,331    | 7,702                 | 82%                       |
| 2.1 Hectares Supported (Attended) | N.A.         | 592      |                       |                           |

|   |         |        |        |      |
|---|---------|--------|--------|------|
| 3. Natural Forest Hectares                                | 150,000 | 13,918 | 38,972 | 36%  |
| 4. Number of Families Benefited (ACI)                     | 7,600   | 1,441  | 1,278  | 113% |
| 5. Private Sector Firms Formed or Strengthened            | 50      | 7      | 4      | 175% |
| 6. Producer/Processor Associations Formed of Strengthened | 35      | 9      | N.A.   |      |

**Table 12**

| Performance Indicators                                    | LOP GOALS | ACHIEVEMENTS |            |                   |        |             |                   |                     |                          |
|---|-----------|--------------|------------|-------------------|--------|-------------|-------------------|---------------------|--------------------------|
|   |           | 2006         | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007   | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| 1. Number of Jobs Created                                 | 21,000    | 387          | 1,835      | 1,764             | 3,599  | 3,986       | 5,049             | 71%                 | 19%                      |
| 2. New Hectares   | 67,500    | 463          | 7,018      | 6,331             | 13,349 | 13,812      | 22,002            | 61%                 | 20%                      |
| 2.1 Hectares Supported (Attended)                         | N.A.      | 0            | 0          | 592               | 592    | 592         | N.A.              | N.A.                | N.A.                     |
| 3. Natural Forest Hectares                                | 150,000   | 78           | 16,650     | 13,918            | 30,568 | 30,646      | 62,302            | 49%                 | 20%                      |
| 4. Number of Families Benefited (ACI)                     | 7,600     | 206          | 1,890      | 1,441             | 3,331  | 3,537       | 4,002             | 83%                 | 47%                      |
| 5. Private Sector Firms Formed or Strengthened            | 50        | 3            | 10         | 7                 | 17     | 20          | 25                | 68%                 | 40%                      |
| 6. Producer/Processor Associations Formed of Strengthened | 35        | 5            | 20         | 9                 | 29     | 34          | N.A.              | N.A.                | 97%                      |

## Plantations

During Q1 FY08, 86% of the WP07 goal for the quarter was planted (6,330 hectares). That amount permitted the cumulative achievement of 13,349 hectares, representing 61% of the goal for the year. During the second semester, the projected goal of 11,000 ha, was achieved, except for few projects such as MADERAS DEL DARIEN where armed conflict in the area prevented more plantings. Projects such as the ones signed with REFOCOL and ALDEA GLOBAL did not have time to report all hectares planted because the agreements started late in the year. But hectares planted will be reported early in 2008.

## Natural Forest

During Q1 FY08 13,918 new hectares were reported, out of 38,972 ha projected for the quarter (36%). In cumulative terms, 30,568 hectares have been managed during the year, which corresponds to 49% of the WP07. The shortfall was due to the time it took to design and get approval for the new MIDAS Natural Forest strategy which will begin implementation in 2008. Agreements for the formulation of new FMPs were signed late in the year, and reporting will pick up in 2008, when they are approved by their respective CARs which will allow target achievement accreditation by MIDAS.

## **New Jobs Created**

Achievements of New Jobs created were fully accomplished. During the quarter, 1,764 New Jobs were registered exceeding the 1,614 goal for the quarter (109% achievement). The amount of New Jobs created reported during the quarter resulted in a cumulative total to date of 3,599 New Jobs corresponding to 71% of the WP07 goal.

## **Families Benefited**

During Q1FY08 1,441 families were benefited (113% of the WP goal for the quarter). This amount contributed to a cumulative total to date of 3,331 families benefited (83% of the WP goal).

## **Private sector firms**

Four private firms received assistance which was equal to the target for the quarter. The cumulative total to date was 20 (68% of target).

### **4.1.2. Other Achievements**

- The import of Portable Sawmills. In November, 5 portable sawmills arrived from New Zealand. By the end of the month, workers from 5 CFEs received hands-on training in their use. The sawmills, which will be delivered to the communities in 2008, are highly portable, low maintenance, and suitable for the high silica hardwoods of the Pacific Coast. Their use by the communities is expected to result in improved board quality and reduced waste.
- Evaluation of the National Forestry Industry. Research on the business capacity of the Colombian forestry industry is being carried out by FEDEMADERAS. They completed a survey of a large sample of Colombian wood companies to establish a baseline database. Final findings will be disseminated during the first quarter of 2008.

### **4.1.3. Commitments**

During the quarter the CFC signed agreements with REFOCOL, AGROFORESTAL PROCUENCA ALDEA GLOBAL, CORCUENCA Y EMPRESA FORESTAL DEL HUILA for the planting of 11,487 hectares of wood and rubber trees bringing to 14 the number of projects under implementation. MIDAS contribution to those agreements is more than COP\$4,251 million.

By the end of Q1 FY08, CFC committed 77% of its G&C budget, reaching 89% of the total goal for New Hectares of Plantations and 45% of the total Natural Forest goal. In addition, 85% of the New Jobs goal and 165% of the Families Benefited goal, leveraging \$12 for each MIDAS dollar invested.

**Table 13**

| COMMITMENTS                                    |           |                   |                       |                           |
|--|-----------|-------------------|-----------------------|---------------------------|
| Performance Indicators                         | LOP GOALS | Q1 FY'08 (actual) | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| 1. Number of Jobs Created                      | 21,000    | 4,224             | N.A.                  |                           |
| 2. New Hectares                                | 67,500    | 11,487            | N.A.                  |                           |
| 2.1 Hectares Supported (Attended)              | N.A.      |                   | N.A.                  |                           |
| 3. Natural Forest Hectares                     | 150,000   | 32,800            | N.A.                  |                           |
| 4. Number of Families Benefited (ACI)          | 7,600     | 3,781             | N.A.                  |                           |
| 5. Private Sector Firms Formed or Strengthened | 50        | 7                 | N.A.                  |                           |
| 6. Projects Signed                             | 40        | 7                 | N.A.                  |                           |
| 7. Total Project Commitments (\$000)           | 100,000   | 18,426            | N.A.                  |                           |
| 8. MIDAS Average Share of Total Investment (%) | 17%       | 12.2%             | N.A.                  |                           |
| 9. MIDAS Total Project Support (\$000)         | 17,000    | 2,251             | N.A.                  |                           |

\*In WP/07 there were no goals established for this Q. Although due to logistical dynamics some activities were done during this period.

**Table 14**

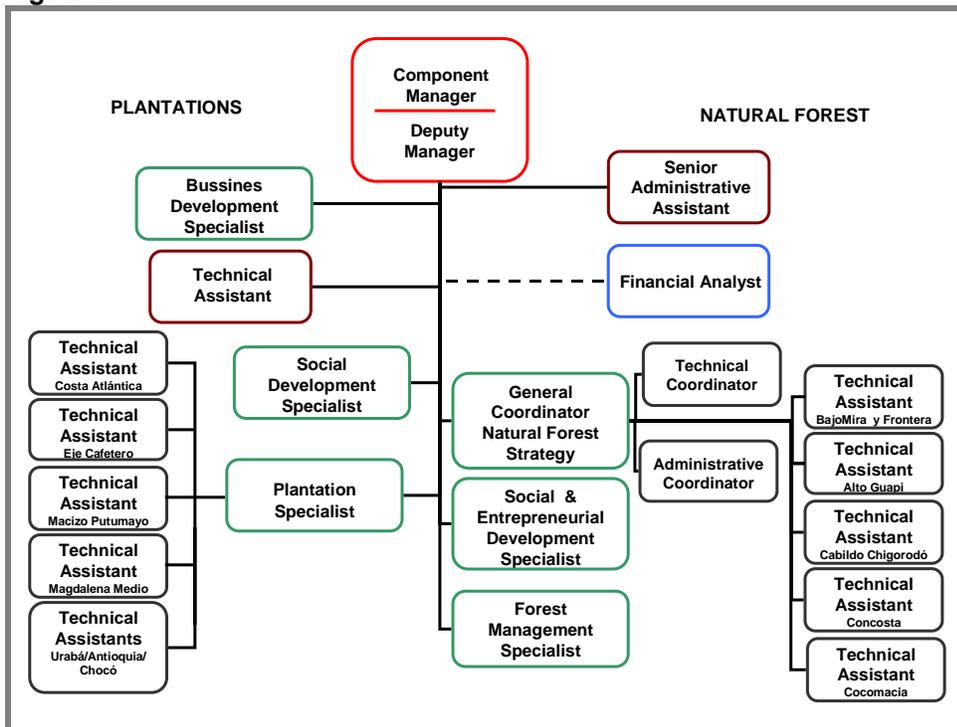
| COMMITMENTS                                    |           |       |            |                   |        |             |                   |                     |                          |
|--|-----------|-------|------------|-------------------|--------|-------------|-------------------|---------------------|--------------------------|
| Performance Indicators                         | LOP GOALS | 2006  | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007   | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| 1. Number of Jobs Created                      | 21,000    | 1,714 | 12,357     | 4,224             | 16,581 | 18,295      | 19,447            | 85%                 | 87%                      |
| 2. New Hectares                                | 67,500    | 3,495 | 44,864     | 11,487            | 56,351 | 59,846      | 64,005            | 88%                 | 89%                      |
| 2.1 Hectares Supported (Attended)              | N.A.      | 0     | 0          |                   | 0      | 0           | N.A.              | N.A.                | N.A.                     |
| 3. Natural Forest Hectares                     | 150,000   | 170   | 35,062     | 32,800            | 67,862 | 68,032      | 62,210            | 109%                | 45%                      |
| 4. Number of Families Benefited (ACI)          | 7,600     | 305   | 7,793      | 3,781             | 11,574 | 12,279      | 7,437             | 156%                | 162%                     |
| 5. Private Sector Firms Formed or Strengthened | 50        | 5     | 10         | 7                 | 17     | 22          | 22                | 77%                 | 44%                      |
| 6. Projects Signed                             | 40        | 5     | 10         | 7                 | 17     | 22          | 25                | 68%                 | 55%                      |
| 7. Total Project Commitments (\$000)           | 100,000   | 5,988 | 78,469     | 18,426            | 96,895 | 199,778     | 71,381            | 136%                | 200%                     |
| 8. MIDAS Average Share of Total Investment (%) | 17%       | 17.6% | 11.3%      | 12.2%             | 11%    | 0           | 20%               |                     |                          |
| 9. MIDAS Total Project Support (\$000)         | 17,000    | 1,052 | 8,843      | 2,251             | 11,094 | 23,240      | 14,315            | 77%                 | 137%                     |

## 4.2. HOW WE DID IT

Several actions taken have contributed to the improvement of the CFC's pace of implementation and therefore compensate for initial lags in getting the program going.

- A 3-day workshop was held with all specialists and project coordinators to define an aggressive strategy for action and training for the PCs in the regional offices.
- CFC modified its structure to emphasize project implementation. The current organizational chart is as follows:

Figure 4



- The modification of CFC's organizational structure involved the following:
  - A PC will be assigned to each regional office in which CFC has projects under implementation. Only the "Suroccidente" regional office will not have a PC. If the two new plantation projects of Tálaga and Agronaya are signed, they will be supervised from the "Macizo Putumayo" regional office. Antioquia will not be active for CFC after May 2008, so projects in north Urabá will be attended from Apartadó.
  - A PC will be assigned to each of the 4 communities where the strategy for Natural Forest will be implemented. These communities will also have the support of one or two technicians budgeted in each grant.

- The Natural Forest coordinator will have two assigned professionals for technical and administrative requirements, and one for entrepreneurial development who will also assist in socio-economic issues.
- The Forest Management Plan Specialist will maintain his position, supporting the development of future plans and the implementation of current ones, as well as the natural forest strategy, coordinating with the Policy component of the program.
- CFC has actively participated in the design and implementation of a model to communicate environmental requirements to grantees. Several workshops have been held with projects' personnel in safe pesticides use.
- CFC has trained grantees and its personnel to ensure adequate project performance. PCs maintain permanent contact and provide assistance as required to grantees.

### 4.3. WHAT WE NEED TO CONSOLIDATE THE STRATEGY

#### 4.3.1. Plantations

The task ahead is the adequate implementation of the projects. Activities for this phase are shown below:

**Table 15**

| <b>DEVELOPMENT OF STRATEGIES FOR THE COMPLETION OF FOREST PLANTATION GOALS</b> |   |   |
|--|---|---|
| <b>PRIORITY</b>  | <b>TASKS</b>  | <b>ACTIVITIES</b>   |
| <b>1</b>   | Approval of Agreements in Process (Agronaya and Resguardo Tálaga) | <ul style="list-style-type: none"> <li>• Collecting the necessary documentation (Check List)</li> <li>• Develop standard cost and project budget (Award Budget)</li> <li>• Presentation of the project for approval in front of the Review Committee</li> <li>• Approval of the Agreement by USAID</li> <li>• Signing the Agreement between MIDAS and the grantee</li> </ul>  |
| <b>2</b>   | Implementation of planting projects                               | <ul style="list-style-type: none"> <li>• Training for Grantee and beneficiaries in the diligence of legalization forms and technical reports</li> <li>• Induction workshop for project beneficiaries</li> <li>• Monthly verification of areas planted and the completion of social-environmental commitments</li> <li>• Preparation of monthly REVA reports, compliance with the Environmental Management Plan, and technical reports</li> <li>• Verification and approval of budget execution (legalizations)</li> </ul> |
| <b>3</b>   | Training  | <ul style="list-style-type: none"> <li>• Develop environmental training</li> <li>• Develop technical training</li> <li>• Develop community organizational strengthening training</li> <li>• Training evaluations</li> </ul>   |
| <b>4</b>   | Process for Forest Plantation Certification                       | <ul style="list-style-type: none"> <li>• Consult with certified companies about costs and processes for certification</li> <li>• Consult with grantees on the interest in forest certification</li> <li>• Sign contracts with certification companies for obtaining certification (if there is interest on the part of the Grantee)</li> <li>• Launch the certification process on each plantation</li> </ul>   |

|   |                                |  |
|---|--------------------------------|--|
| 5 | Systematization of information | <ul style="list-style-type: none"> <li>• Develop standard cost patterns for the various regions in the country, species, and plantation system</li> <li>• Prepare models for partnership between small land owners and large forestry businesses for reforestation projects</li> <li>• Prepare technical notes on the experiences of the projects</li> </ul> |
|---|--------------------------------|--|

### 4.3.2. Natural Forest

The Natural Forest strategy has two main objectives. The first one relates to the interventions in 4 communities to implement the next phase of “best management” actions after the completion and evaluation of their pilot project efforts. The following matrix shows the main tasks and actions to be done:



**Table 16**

| <b>DEVELOPMENT OF A STRATEGY FOR THE BEST MANAGEMENT OF NATURAL FORESTS</b> |   |   |
|---|---|---|
| PRIORITY  | TASKS   | ACTIVITIES  |
| 1   | Conserve, rehabilitate, restore, and control interventions in natural forest. | <ul style="list-style-type: none"> <li>• Define protection areas</li> <li>• Agree about protection areas</li> <li>• Organize and operate control and monitoring brigades and/or maintenance and recuperation tasks</li> </ul> |

|    |   |  |
|----|---|--|
|    |   | <ul style="list-style-type: none"> <li>• Identify forest quality and define measures to be taken.</li> <li>• Define and contract an external monitoring system.</li> <li>• Provide transportation and communications equipment</li> <li>• Long-term protection plan</li> </ul>   |
| 2  | Forest use<br>Reasonableness of volumes and species<br>Efficiency | <ul style="list-style-type: none"> <li>• Redefine the Forest Management Plan (FMP)</li> <li>• Adjust and resize use</li> <li>• Obtain agreement with the community about volumes and species to be used</li> <li>• Proposal on the administration and use of the forest to the CAR</li> <li>• Modification of the authorized use quotas for communities</li> <li>• Improve transportation and timber removal</li> <li>• Portable sawmills</li> <li>• Drying and storage processes</li> </ul> |
| 3  | Improved Sales Prices   | <ul style="list-style-type: none"> <li>• Strengthening value chain</li> <li>• Market training</li> <li>• Supply stabilization</li> <li>• Production and sale costs</li> </ul>  |
| 4  | Business management training                                      | <ul style="list-style-type: none"> <li>• Accounting</li> <li>• Labor spreadsheets</li> <li>• Transfers</li> <li>• Organizational management</li> </ul>   |
| 5  | Plantation establishment  | <ul style="list-style-type: none"> <li>• Identification of planting areas</li> <li>• Identification of viable species</li> <li>• Management of nurseries</li> <li>• Management of plantations</li> </ul>   |
| 6  | Other productive alternatives                                     | <ul style="list-style-type: none"> <li>• Negotiations with product buyers</li> <li>• Technical assistance for crops</li> <li>• Census of existing crops</li> <li>• Design of a harvest and storage system</li> <li>• Design of new plantings</li> </ul>  |
| 7  | Payment for "best management"                                     | <ul style="list-style-type: none"> <li>• Compliance verification</li> <li>• Payment systems</li> <li>• Wages</li> </ul>  |
| 8  | Steps to certification  | <ul style="list-style-type: none"> <li>• Recruitment of expert certifiers</li> <li>• Identification and recruitment of managers</li> </ul>   |
| 9  | Non-timber forest products  | <ul style="list-style-type: none"> <li>• Training on the topic</li> </ul>  |
| 10 | Recruitment and subcontracting                                    | <ul style="list-style-type: none"> <li>• Direct personnel</li> <li>• Specialized organizations</li> </ul>  |
| 11 | Budgets   | <ul style="list-style-type: none"> <li>• Estimates</li> </ul>  |

The second one relates to the formulation of new Forest Management plans. The following matrix shows the priority order in which main activities and tasks have to be done:

**Table 17**

| DEVELOPMENT OF STRATEGY TO FORMULATE SUSTAINABLE FOREST MANAGEMENT PLANS |   |   |
|--|---|---|
| PRIORITY   | TASKS   | ACTIVITIES  |
| 1  | Development and approval of management plans for the Lower Atrato, municipalities of Riosucio and Carmen de Darién, (Chocó) | <ul style="list-style-type: none"> <li>• Approval procedure for the 2 UMP in Río Salaquí</li> <li>• Approval of the POAF in Domingodó and Salaquí</li> <li>• Definition of the scope and focus of the FMP for the CC of Cacarica, based on the best management focus</li> <li>• Arrange the scope and focus with the community</li> <li>• Formulate the FMP for CC of Cacarica</li> </ul> |

|          |  |  |
|----------|--|--|
|          |  | <ul style="list-style-type: none"> <li>• Raise the Base Line and Monitoring Scheme</li> </ul>  |
| <b>2</b> | Formulation and approval of FMP for Alto San Juan (CC de Santa Cecilia and Resguardo Unificado de Mistrató and Pueblo Rico (Risaralda) | <ul style="list-style-type: none"> <li>• Socialization of preliminary zoning with the black communities and agreement on the work plan for the forest inventory</li> <li>• Socialization of preliminary zoning and agreement on the Work Plan for the formulation of the FMP with the indigenous communities under the best management approach</li> <li>• Survey, systematization, and processing of data from statistical inventories</li> <li>• Agreed upon definition for management decisions and the formulation of the FMP</li> <li>• Approval steps for the FMPs</li> <li>• Execution of the Forest Census and formulation of the POAFs</li> <li>• Approval of the POAF</li> <li>• Monitoring Schemes</li> <li>• Strengthening of local governability</li> </ul> |
| <b>3</b> | Formulation and approval of FMP for the Community Council of the Cajambre River Basin, municipality of Buenaventura (Valle del Cauca)  | <ul style="list-style-type: none"> <li>• Elaboration of zoning and preliminary mapping</li> <li>• Socialization of preliminary zoning with communities and agreement on the Work Plan for the forest inventory</li> <li>• Survey, systematization, and processing of data from statistical inventories</li> <li>• Agreed upon definition for management decisions and the formulation of the FMP under the best management focus</li> <li>• Approval steps for the FMPs</li> <li>• Execution of the Forest Census and formulation of the POAFs</li> <li>• Approval of the POAF</li> <li>• Monitoring Schemes</li> <li>• Strengthening of local governability</li> </ul>  |
| <b>4</b> | Monitoring and technical support to the process of formulating FMPs  | <ul style="list-style-type: none"> <li>• Field visits and office work with the teams working on the formulation of the FMPs</li> <li>• Assessment of completed FMPs</li> <li>• Support for procedure approval</li> </ul>   |
| <b>5</b> | Systematization of experiences   | <ul style="list-style-type: none"> <li>• Self evaluation, systematization, and documentation of experiences in the formulation of the FMP with ethnic communities</li> <li>• Publication of a document</li> </ul>  |

**New Saws Cut Waste and Increase Production: Afro and Indigenous populations in forestry regions benefit from technology and training**

**CHALLENGE:**

In Colombia, Afro-Colombian and Indigenous communities collectively own approximately 45% of all natural forests but are far from realizing their potential. With extreme poverty, rough terrain, and the lack of technical support in these areas, illegal logging and substandard lumber production has reigned. In 4 communities near the Pacific coast, the antiquated use of chainsaws for transforming the logs into commercial timber was identified as a large part of the problem. Specific issues included the inconsistent and inexact lumber sizes, the felling of immature trees whose wood then rots once exposed to humidity, and the overharvesting of the forest. The need for improved technology to reduce waste and facilitate a more productive logging process was vital.

**INITIATIVE:**

The USAID funded program MIDAS, Más Inversión para el Desarrollo Alternativo Sostenible (Additional Investment for Sustainable Alternative Development) and the Alto Guapi Community Council in the department of Cauca, embarked on a selection process for the acquisition of new logging machinery that would yield high quality sawed lumber and at the same time offer adequate technical and physical characteristics.

The Alto Guapi community council suggested the purchasing of a Peterson Portable Sawmill from New Zealand; machinery used widely in countries with similar natural forestry challenges. After thoroughly analyzing 14 comparable products, MIDAS concluded that the suggested Peterson model adequately met the needs of the region and has since imported 5 to the Community Councils of Alto Guapi, Bajo Mira y Frontera, Concosta, and the Indigenous reservation of Chigorodo. The community representatives attended a comprehensive product training workshop in Bogotá and were ready to go to work.



"This is a blessing for our community and the forest; we cut down fewer trees and obtain more logs. With the quality timber we get out of this new saw, the buyers have to offer us a better price. If only we had this new machinery years ago..." says Abad Palacios, a member of the Bajo Mira y Frontera community council from the Congal area.



Community members received diplomas after completing training workshop with USAID and MIDAS officials in attendance.

**ANTICIPATED RESULTS:** Definitive results are still forthcoming, but so far the news is very positive. With the new sawmills, the communities are seeing a 100% increase in lumber production with the same amount of felled trees as before. The conversion factor with the old chainsaws for the transformation of log wood was 3 to 1; (it took three cubic meters of wood to obtain 1 cubic meter of commercially viable timber). In contrast, with the Peterson Sawmill, the conversion factor is about 3 to 2, where the same three cubic meters of wood obtained double the amount and in

turn reduce waste by 30%. Due to the precision of the cut and quality control features, volume production is increasing by 30%, the sales price is rising, and waste is being reduced by 26%. The new sawmills are transforming the lives of these minority communities by allowing them to earn greater income while cutting down less trees, reducing waste, and creating a sustainable environment for future generations.

# 5. ABC

Before, we harvested 210 kilos per hectare of cacao. Today, thanks to MIDAS support, the cloning and hybrid techniques have had amazing results. We now get between 1,000 and 2,000 kilos per hectare. With results like these, who would think twice to change from illicit crops?

*Daniel Moreno. Owner of La Perla Farm in Vegachí. Asofincave beneficiary*

## 5.1. ACHIEVEMENTS

The First Quarter FY'08 represented a period of significant changes for ABC in terms of proposal development, project implementation and the organizational structure of the component. The scaled-back budget scenario exercise that component engaged in during quarter had the unforeseen benefit of greater definition and prioritization of existing unfunded proposal portfolio and a restructuring of new projects. At the same time, the component strengthened the pace of the field implementation of projects and provided support to other components in strengthening their methodologies for field work and technical assistance.

ABC also completed a detailed analysis of targets that resulted in a revision of LoP and quarter goals, based upon a more realistic and conservative projection of commitments and achievements. Several different scenarios were calculated in order to maximize the impact in terms of New Hectares, Families Benefitted, and New Jobs created in areas of influence of illicit crops. All proposals in review were prioritized according to different criteria, such as socioeconomic impact, strategic location, involvement of vulnerable population, possibility for public and private sector synergies, impact in terms of target goals, MIDAS support, and competitiveness, etc. This newly prioritized list was used to structure the draft 2008 Work Plan and plans for 2009/10.

An important achievement for the quarter was the successful completion realignment of 9 exCAPP projects that received No Cost Extensions until September 2008 in order to guarantee technical assistance for growers that finished their establishment of New Hectares by the end of 2007.

### 5.1.1. Key Indicators

Regarding funding commitments toward target achievements, during the quarter ABC committed funding for a total of 34,443 New Hectares, generating 10,671 new permanent FTE jobs, and benefiting 19,021 families. These commitments represent 235% of the 2007 Work Plan goal for the quarter in New Hectares, 160% of the New Jobs created goal, and 403% of the families' Benefitted goal (see Table 18). In cumulative funding commitment terms (Table 19), ABC reached 81,726 New Hectares (55% of LoP goal), 24,790 New Jobs FTEs (80% of LoP goal), and 25,484 Families Benefitted (135% of LoP). Additionally, ABC has 1 project in the approval phase that will account for 4,885 new hectares that will be committed next quarter.

**Table 18: ABC Commitments October - December 2007<sup>1</sup>**

| COMMITMENTS   |           |                   |                       |                           |
|---|-----------|-------------------|-----------------------|---------------------------|
| Performance Indicators                                    | LOP GOALS | Q1 FY'08 (actual) | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| 1. Number of Jobs Created                                 | 31,000    | 10,671            | 6,667                 | 160%                      |
| 2. New Hectares   | 149,379   | 34,443            | 14,667                | 235%                      |
| 3. Number of Families Benefited                           | 18,837    | 19,021            | 4,722                 | 403%                      |
| 4. Producer/Processor Associations Formed or Strengthened | 30        | 90                | N.A.                  | N.A.                      |
| 5. Private Sector Firms Formed or Strengthened            | 55        | 8                 | 11                    | 73%                       |
| 6. Projects Signed  | 70        | 8                 | 11                    | 73%                       |
| 7. Total Project Commitments (\$000)                      | \$329,426 | \$122,471         | \$40,000              | 306%                      |
| 8. MIDAS Average Share of Total Investment (%)            | 13.5%     | 6.2%              | 4.0%                  | N.A.                      |
| 9. MIDAS Total Project Support (\$000)                    | \$44,415  | \$7,608           | \$1,614               | 471%                      |

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

**Table 19: ABC Cumulative Commitments**

| COMMITMENTS   |           |           |            |                   |           |             |                   |                     |                          |
|---|-----------|-----------|------------|-------------------|-----------|-------------|-------------------|---------------------|--------------------------|
| Performance Indicators                                    | LOP GOALS | 2006      | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007      | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| 1. Number of Jobs Created                                 | 31,000    | 2,677     | 11,442     | 10,671            | 22,113    | 24,790      | 20,000            | 111%                | 80%                      |
| 2. New Hectares   | 149,379   | 22,939    | 24,344     | 34,443            | 58,787    | 81,726      | 44,000            | 134%                | 55%                      |
| 3. Number of Families Benefited                           | 18,837    | 3,307     | 3,156      | 19,021            | 22,177    | 25,484      | 14,166            | 157%                | 135%                     |
| 4. Producer/Processor Associations Formed or Strengthened | 30        | 2         | 20         | 90                | 110       | 112         | 33                | 333%                | 373%                     |
| 5. Private Sector Firms Formed or Strengthened            | 55        | 27        | 13         | 8                 | 21        | 48          | 33                | 64%                 | 87%                      |
| 6. Projects Signed  | 70        | 27        | 13         | 8                 | 21        | 48          | 33                | 64%                 | 69%                      |
| 7. Total Project Commitments (\$000)                      | \$329,426 | \$155,514 | \$102,115  | \$136,900         | \$239,015 | \$394,529   | \$120,000         | 199%                | 120%                     |
| 8. MIDAS Average Share of Total Investment (%)            | 13.5%     | 12%       | 10%        | 7%                | 8%        | 9%          | 7%                | N.A.                | N.A.                     |
| 9. MIDAS Total Project Support (\$000)                    | \$44,415  | \$17,936  | \$9,801    | \$9,076           | \$18,877  | \$36,813    | \$8,070           | 234%                | 83%                      |

As predicted in the previous quarter, actual commitments not only exceeded projections, but also exceeded 2007 projections. Therefore, project implementation during 2008 will progressively reduce the gap in terms of achievements. It is very important to note that as project implementation moves forward,

<sup>1</sup> All goals include CAPP.

Families Benefited and New Jobs created will have a much larger impact than what had initially been projected over each quarter as well as in terms of LoP goals. These higher levels of Families Benefited and New Jobs Created associated with the same or even lower New Hectares of increasing investment in crops and/or technologies that can produce adequate and sustainable family incomes with lower land requirements.

### 5.1.2. Performance indicators

In terms of quarterly actual achievements, the component registered the planting of 6,397 New Hectares, 5,276 Families Benefited and the creation of 3,382 New permanent FTE Jobs - 42%, 219%, and 106% of the WP 2007 goals for the quarter, respectively (Table 20).

**Table 20: ABC Achievements October - December 2007**

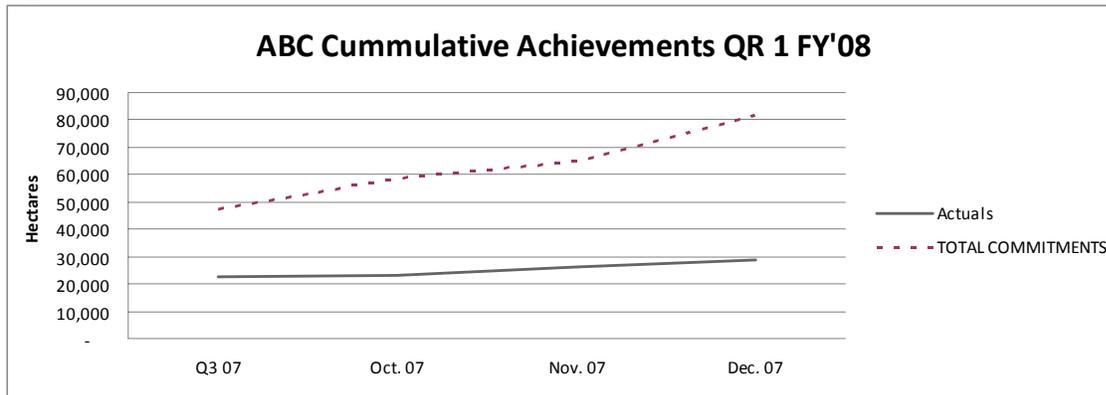
| ACHIEVEMENTS  |           |          |                       |                           |
|---|-----------|----------|-----------------------|---------------------------|
| Performance Indicators                                    | LOP GOALS | Q1 FY'08 | Q1 FY'08 (AWP Target) | Q1 FY'08 / AWP Q1 FY'08 % |
| 1. Number of Jobs Created                                 | 31,000    | 3,382    | 3,176                 | 106%                      |
| 2. New Hectares   | 149,379   | 6,397    | 15,100                | 42%                       |
| 3. Number of Families Benefited                           | 18,837    | 5,276    | 2,404                 | 219%                      |
| 4. Producer/Processor Associations Formed or Strengthened | 30        | 36       | N.A.                  | N.A.                      |
| 5. Private Sector Firms Formed or Strengthened            | 55        | 8        | 8                     | 100%                      |
| 6. Projects Signed  | 70        | 8        | 8                     | 100%                      |

**Table 21 ABC Cumulative Achievements**

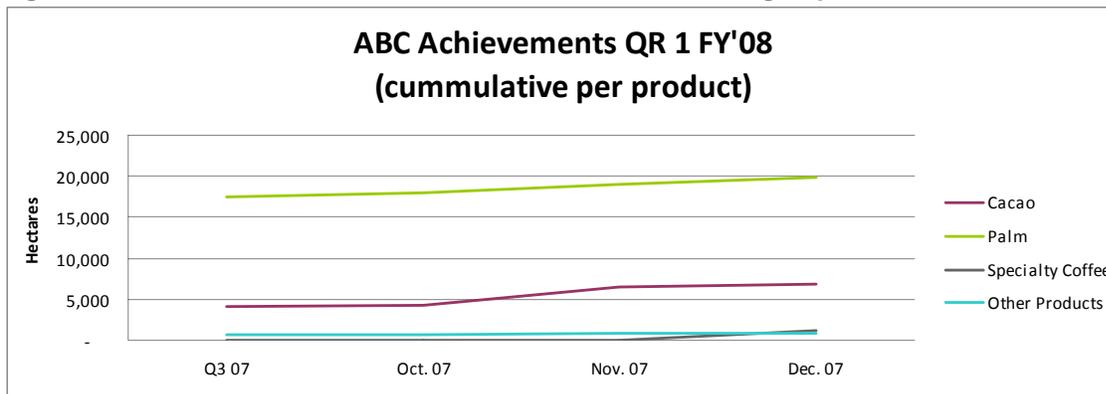
| ACHIEVEMENTS  |           |       |            |                   |        |             |                   |                     |                          |
|---|-----------|-------|------------|-------------------|--------|-------------|-------------------|---------------------|--------------------------|
| Performance Indicators                                    | LOP GOALS | 2006  | Q2-4 FY'07 | Q1 FY'08 (actual) | 2007   | 2006 + 2007 | 2007 (AWP target) | 2007 / AWP target % | 2006 + 2007 / LOP GOAL % |
| 1. Number of Jobs Created                                 | 31,000    | 4,881 | 7,418      | 3,382             | 10,800 | 15,681      | 8,338             | 130%                | 51%                      |
| 2. New Hectares   | 149,379   | 2,899 | 19,490     | 6,397             | 25,887 | 28,786      | 46,239            | 56%                 | 19%                      |
| 3. Number of Families Benefited                           | 18,837    | 1,167 | 1,783      | 5,276             | 7,059  | 8,226       | 6,913             | 102%                | 44%                      |
| 4. Producer/Processor Associations Formed or Strengthened | 30        | 2     | 35         | 36                | 71     | 73          | 33                | 215%                | 243%                     |
| 5. Private Sector Firms Formed or Strengthened            | 55        | 27    | 13         | 8                 | 21     | 48          | 33                | 64%                 | 87%                      |
| 6. Projects Signed  | 70        | 27    | 13         | 8                 | 21     | 48          | 33                | 64%                 | 69%                      |

In cumulative terms, the component has now achieved the planting of 28,786 New Hectares (19% of the LoP goal), 15,681 New Jobs (FTEs) (51% of LoP goal), and 8,226 Families Benefited (44% of LoP goal). Table 20 shows quarter and cumulative achievements.

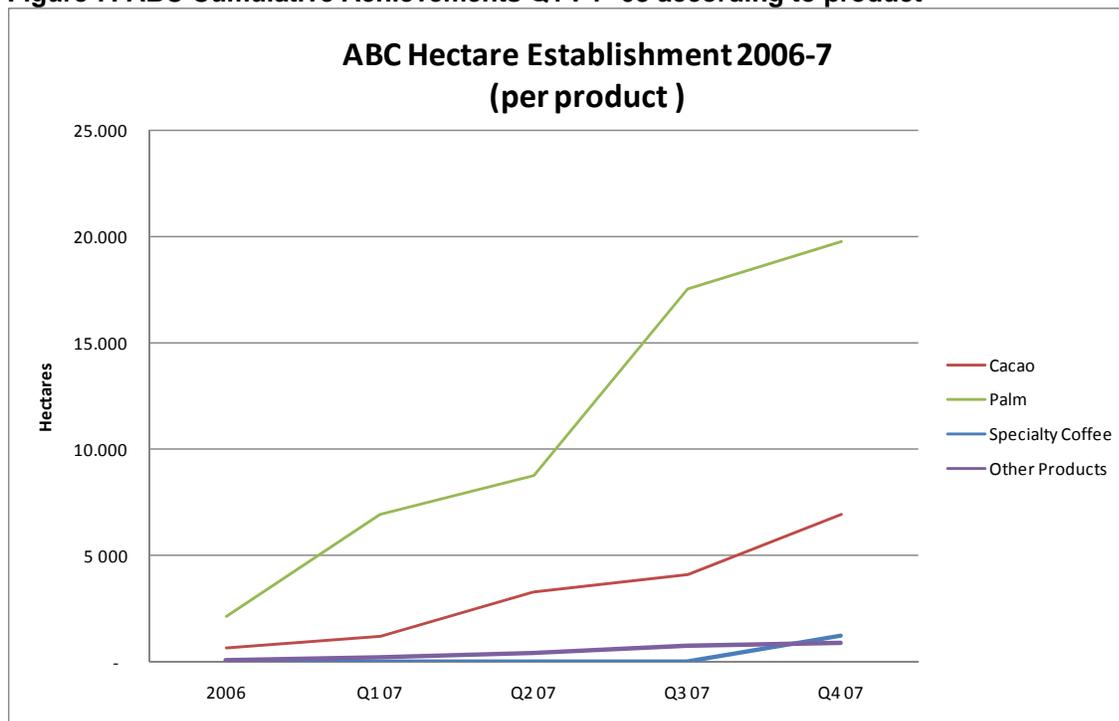
**Figure 5: ABC Cumulative Achievements Q1 FY '08**



**Figure 6: ABC Cumulative Achievements Q1 FY '08 according to product**



**Figure 7: ABC Cumulative Achievements Q1 FY '08 according to product**



## 5.2. HOW WE DID IT

ABC began Q1 FY'08 with a total of 5 proposals in the approval stage. Additionally, 4 more projects were passed into approval over the quarter, which allowed for the signing of 8 new projects during the quarter. This brings to 23 the total number of projects under implementation that were received under the component's APS that ended in 2006.

One of the Component's main objectives was the completion of the entire 2007 AWP goals, not only in terms of commitments, but also in terms of achievements. While these goals were successfully achieved, on most levels, some of the other quarter objectives were revised according to multi-criteria based project prioritization under different scaled-back budget scenarios.

Quarter results reflect efforts by the ABC during 2007 to speedily pass into implementation long-term crop projects over the first semester and dedicate more time and effort to non-traditional crops, cacao and specialty coffee in the second semester. As a result, ABC has successfully committed to benefitting more families than what was projected in its LoP contractual goals. This shows the progressive shift towards labor intensive crops.

Additional objectives for the quarter achieved include:

- ABC worked with SMEC, PPD, DCOP Office and C&G in order to swiftly assign and execute PCI/Acción Social grant resources in activities related to training, technical assistance and organizational strengthening.
- ABC began training its Regional Office staff in organizational strengthening activities and ICO Index.

- As part of the exCAPP realignment exercise involving Cost Extensions and No Cost Extensions, ABC has identified some projects that will underachieve and is confident that the CEs will compensate for these losses. This will be monitored over CY 2008.
- 13 ICO diagnoses for 11 producer associations and 2 cooperatives were performed for different projects in implementation in order to determine the most effective way to provide organizational strengthening support.
- 3 Training of Trainer activities were performed in Santander, Nariño and Magdalena, the training was focused towards passion fruit crops, cacao and palm.

### **5.3. WHAT WE NEED TO CONSOLIDATE THE STRATEGY**

As stated in the 2008 AWP, ABC must continue to work in the approval and implementation of the prioritized projects under the scaled-back funding scenario. This means approving the 10 additional projects over the following quarter, in order to complete the ABC implementation portofolio with a total of 53 projects. These projects will include 5, 680 hectares of cacao rehabilitation and an estimated 7,585 hectares of non-traditional crops, including fruits, horticulture and aquaculture projects.



With this portfolio in mind, ABC will focus its efforts towards the following activities:

- Continue to implement projects successfully, guaranteeing appropriate technical assistance provision, technology transfer, organizational strengthening as well as additional assistance in terms of loan execution and organizational strengthening.
- Complete project approval process and commitments.
- Maximize technical and social-entrepreneurial support for project operators and producer associations in order to maximize achievements and long term sustainability.
- Close out ex-CAPP projects according to the realignment strategy. The MIDAS / PCI Acción Social grant is essential in the determination of additional project support as well as determining the de-obligation and reassigning of ABC grant resources.
- Seek alternative sources of leveraging for projects that are in advanced stages of formulation but will not have access to USAID AD resources.
- Reassign tasks in the Regional Offices (RO) and Central Office (CO).
- Train PCs in the application of the ICO Index (Indice de Capacidad Organizacional – Organizational Capacity Index).
- Develop strategic synergies with national institutions that may contribute to guarantee project sustainability after MIDAS intervention, and that will also assist in the provision of organizational strengthening.
- Work on synergies inside MIDAS such as organizational strengthening methodology transfer to CFC; co-financing and leveraging via SMEC and implementation of transition projects with MPC.
- Presentation of Competitiveness Study results.
- Definition of communication strategy activities according to AWP goals.

**“Like a cane that helps me walk...”**

*“My guide and my eyes.”* That’s how Gladis Ortega defines the support she has received from the United States through the productive project of African Palm planting in Catatumbo, a region in the department of North Santander. This 56-year-old woman says that the support and training she receives is a like a ‘cane’ that helps her and hundreds of other small farmers walk and hold their heads high. These people have recently overcome great fear, confusion, and pain that the war of various illegal armed groups and cocaine cultivation brought to their region between 1999 and 2003.



*“Thanks to the Americans we have had enough money to eat...without their support, my family and I wouldn’t have been able to overcome this”* affirmed Gladis. Between the violence and the cross fire, many families abandoned their own land, but what they took with them was their extreme pain and sadness. Gladis, who became a widow due to the violence, had to live with the pain that the *autodefensas* militia took her only son. With grandchildren to

raise and a widow to console, she had no time to cry for her own losses and instead, decided to travel to Bogota to get a job as a nanny. Through this force of courage and love, she cured a part of her soul’s wounds.

Gladis used to be a rice grower and her farmer spirit made her return to Catatumbo in 2002. Motivated by the arrival of alternative development activities to her area funded by the United States Government through USAID, she decided to start from zero and assume the challenge to work as a palm grower on her land of 7.5 hectares.

Defying the murmurs and discouraging words of those who told her that she was going to kill herself growing palms that only give fruit after 7 years of intense effort, Gladis gathered her first crop after only 2 years. *“Usually on a crop I make a US\$1000 net and, sometimes, when I extract 20 tons, I make US\$1,500”*, she confirms with a smile that lights up her face.

The Association for African Palm Producers in Field 2, ASOGPADOS, - who unites small farmers of the project, operates under the philosophy of learn-by-doing. Through this method, Gladis has become skilled in the proper handling of the palm crop, social awareness, and self fortification. This instruction serves additionally to help strengthen the Catatumbo community where each and every family has been a victim of violence. Today, women, the majority being widows and heads of households, have become leaders who participate in the development of the community.

*"I'm extremely happy"* Gladis says constantly with a joy that is contagious to her friends. To date, USAID palm projects have benefited around 1,018 families and have contributed to social and educational reorganization, an improved quality of life, employment, recovery of land parcels, and the substitution of illicit crops.

# 6. POLICY

Thanks to the USAID program that you direct, the National Direction of Copyright Law received support that became the impetus for the modernization of services for Colombian authors. Through MIDAS' efforts, the National Direction of Copyright Law is now an identified entity within the federal government administration and an online Copyright Registry has been implemented which consolidates and updates our data digitally, thanks to said support."

*Fernando Zapata López, General Director of the National Direction of Copyright Law*

## 6.1. KEY ACHIEVEMENTS

### 6.1.1. Labor Market Reform

#### Labor Inspection System

- MCP finished a major technical study on work loads of labor inspectors and other officials in the labor inspection system. The study evaluates human resource needs for the implementation of the new preventive inspection system. As a result of the study, the Ministry of Social Protection (MPS) will be appointing 150 new labor inspectors in 2008.
- MPC also produced a report evaluating IT requirements for the implementation of the labor inspection system. As a result, the Ministry will undertake significant investments to upgrade their software and IT equipments.

#### Fundamental Labor Rights

- Five new Voluntary Compliance Agreements were signed, including three in Neiva, Huila and two in Manizales, Caldas. These agreements, promoted by MIDAS and the MPS and voluntarily signed by employers and workers, will correct labor law violations or improve labor standards in the work place. The Neiva agreements apply to the sale of lotteries ("Chance") and ice cream (companies Cream Helado and Bon-Ice), and aim to eradicate the use of child labor in the distribution of these products. The Manizales accords were signed with SERVIEXPRESS and SURTICALDAS to improve compliance with overtime regulations.
- Bill 190 was presented to Congress by the MPS in December 2007. The legislation introduces two out of seven key recommendations made by the MPC to ensure that Colombian labor law is consistent with ILO standards on Fundamental Labor Rights. Specifically, the draft of Bill 190 introduces two changes related to the resolution of labor disputes: It transfers decision-making power about the legality of worker strikes to labor judges (this authority currently lies with the MPS); and it introduces the mediation of a Tripartite Commission including worker, employer and

government representatives before the Ministry could order the compulsory arbitration of labor disputes and order the workers back to work. The Ministry is considering the other five recommendations.

## 6.1.2. Agriculture, Forestry and Environmental Reform

### Land

- MIDAS provided critical assistance to draft eight implementing decrees of the Rural Development Law (Ley 1152). These decrees, approved on December 21, reform the Colombian Institute of Rural Development (INCODER) and create a new entity responsible for the purchase and allocation of idle land. The assistance provided by MIDAS complements the one previously given in the elaboration and adoption of the corresponding legislation, Law 1152.
  - Decree 4902/07. Redefines the responsibilities of INCODER, limiting the entity's functions to the distribution of resources and subsidies for the agricultural sector.
  - Decree 4903/07. Modifies the payroll of INCODER.
  - Decree 4904/07. Modifies the structure of the Colombian Agricultural Institute (ICA). Calls for the complete institutional reform of ICA, including the creation of the Office on Fishing and Agriculture in charge of carrying out all administrative processes related to this sector.
  - Decree 4905/07. Modifies the payroll of ICA.
  - Decree 4906/07. Establishes the payroll of the National Rural Land Unit (UNAT), a new entity in charge of land planning and management responsibilities previously under INCODER.
  - Decree 4907/07. Defines the structure and functions of UNAT.
  - Decree 4908/07. Approves the reform of the payroll of the Ministry of Agriculture and Rural Development (MARD).
  - Decree 4909/07. Modifies the structure of MARD and creates the Office on Fishing and Agriculture, in charge of defining policies for this sector.
- Organized the first International Seminar on Property Restitution for IDP in Colombia, on December 5 - 6, 2007. The closed-door seminar benefited from the participation of international experts on restitution issues and targeted high-level GoC officials, and other organizations that play a relevant role in responding to victims of violent displacement in Colombia. Based on the recommendations derived from the seminar, MPC, MARD, and Acción Social are drafting a work plan to provide assistance in the drafting of strategic legislation and reform administrative procedures and policies to improve land restitution initiatives adopted by the GOC in 2007.

### Environmental Reform

- Resolution No. 1025 of the Área Metropolitana del Valle de Aburrá (AMVA), approved on December 6, 2007 to regulate the functioning of the system of tradable and negotiable emission

quotas to reduce levels of atmospheric pollution in the AMVA. The approved regulations establish the system's implementation periods and emission reduction goals, criteria for calculating and assigning the quotas, a plan, and a methodology for measuring, monitoring and verifying emissions from each source. A reduction goal of 6% was established for an initial implementing period of 3 years. This resolution marks an important step in consolidating the implementation of MIDAS's pilot emission quota project.

## **Agricultural Information System**

- MPC completed a study on the agricultural information supply in Colombia, in which the political, budgetary and methodological aspects of the current information supply for the agricultural sector are evaluated in detail. The document, presented to the MARD on December 21, 2007, is under revision by the GoC and will be complemented with a survey on the demand for agricultural information, to be delivered the second quarter of 2008. Both studies will be a cornerstone for a new comprehensive agriculture information policy and information system, developed by GOC with USAID/MIDAS technical assistance.

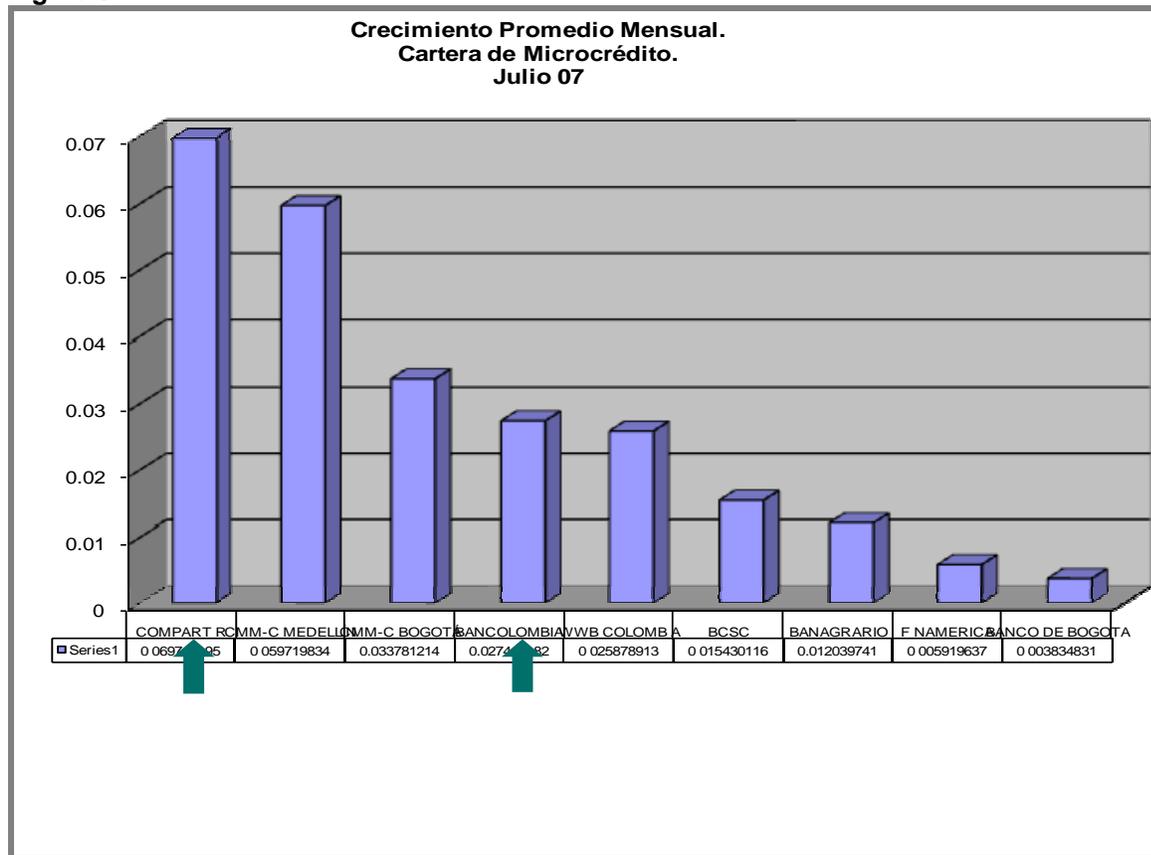
### **6.1.3. Financial Reform**

#### **Micro-Finance Pilot Program (MFPP)**

- The number of active clients with credit in the pilot institutions linked to the MFPP now totals 330,226. This figure represents a 330% fulfillment of the 100,000 clients goal for December 2007.
- Total disbursements reached COP\$344,308 million (\$172 million), exceeding the COP\$100,000 million goal defined for the year. These disbursements represent a 344% compliance with the 2007 goal (Table 25).
- Banco de Bogotá, the second largest bank in Colombia, and Giros y Finanzas initiated their first disbursements of microcredit this quarter, thanks to the assistance provided by the MFPP. Banco de Bogotá disbursed 611 micro-credits in November and December 2007 for a total value of COP\$871 million, benefiting micro-businesses in the south of Bogotá, Bucaramanga and Ibagué. In December, Giros y Finanzas disbursed 30 micro-credits to micro-businesses in Colombia's coffee region, for a total of COP\$45 million.
- Bavaria, the largest private company in Colombia, recently acquired by the multinational SABMiller, agreed to contribute its own resources to the promotion of micro-credit. Bavaria's funds, which could reach \$10 million, would support the funding of financial entities that receive MFPP technical assistance, but whose actions are limited by the lack of financial resources. The MFPP is currently working with Bavaria to structure this program.
- The MFPP has achieved contributions for \$2.25 million to support micro-finance NGOs, to reach close to 4,500 new micro-entrepreneurs.
- The institutions receiving technical assistance from the MFPP increased their investment in the program to \$36.8 million by the end of 2007. This investment is expected to increase by 85% in 2008, to \$68 million.

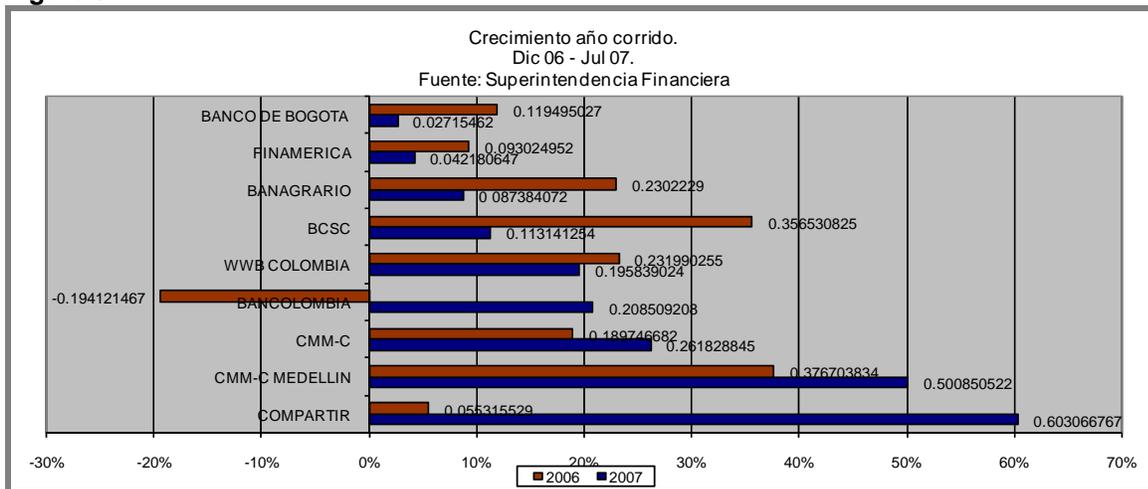
- The number of micro-credit assistants working in participant companies has doubled by the end of this quarter, from 403 at the onset of 2007 to 778 on December 31, 2007. An additional 1,000 assistants will be contracted in 2008, reflecting a significant expansion of the number of micro-credits.
- The overdue portfolio of the Banco Agrario (PAR30) decreased from 7.7% in April 2007 to 4.7% in December 2007.
- MIDAS-ADAM Synergies: On December 11, 2007, Financiera Compartir disbursed 80 credits to small-size coffee producers from Huila from two associations funded by ADAM. The conditions of the credits are: average amount of COP\$1.200.000 (\$600), for a period of 5 months, with livestock as collateral. The MFPP achieved the disbursement of a micro-credit product adjusted to the needs of the producers and the expansion of Financiera Compartir coverage to ADAM municipalities.
- Entities receiving technical assistance through the MFPP increased their micro-credit portfolios more than those entities not participating in the program. Financiera Compartir and Bancolombia, the first entities to receive technical assistance as of June 2006, achieved an average monthly growth in their micro-credit portfolios of 7% and 2.7%, respectively. The annual growth rate of the micro-credit portfolio, Financiera Compartir and Bancolombia achieved 60% and 40% growth, respectively.

**Figure 8**



Source: Corporación Mundial de la Mujer

**Figure 9**



Source: Superintendencia Financiera

## Promoting Access to Financial Services (Banca de las Oportunidades - BdO)

- Banks opened 22 new Non-Banking Correspondent Offices (CNB), for a total of 3,436 CNB at the end of November 200. Twenty of them were opened by Banco Agrario and 2 by HSBC. 253 have been opened in ADAM municipalities and 1,899 in MIDAS municipalities. Furthermore, CNBs have opened in six ADAM municipalities and 40 MIDAS municipalities where there was previously no financial system presence. These CNB have benefited close to 2.5 million Afro-Colombian populations.
- A call for proposals to participate in BdO projects for the allocation of incentives to expand coverage by NGOs closed in November 2007. Projects were approved for the expansion of coverage to 11 micro-credit NGOs, permitting greater financial access in 45 small municipalities that had no micro-finance services from NGOs.
- A call for proposals to participate in BdO projects to expand coverage by financial cooperatives closed on November 6, 2007. The proposals of 12 cooperatives were approved to extend financial coverage to 16 small municipalities.
- A call for applications to participate in BdO projects to expand coverage by commercial financial companies closed on December 3, 2007. Proposals were approved for 2 companies to extend coverage to 15 small municipalities.
- A call for applications to participate in BdO projects to cover a percentage of the costs of the training, consultative and technical assistance services provided to micro-businesses, entrepreneurs and low-income populations to expand their access to credit closed on December 17, 2007.
- A call for applications was opened on behalf of the BdO with the support of MIDAS to provide auditing services for the co-financed pilot programs for the expanded coverage of micro-finance NGOs, financial cooperatives and commercial financial companies, on December 18, 2007.

- A call for applications was opened on behalf of the BdO with the support of MIDAS to open CNBs in 132 municipalities on November 2, 2007.
- Delivered a draft decree for the formal adjustment of the definition of microcredit in terms of portfolio qualification and classification, and interest rate certification to the MHCP and SFC.
- Delivered a draft decree to regulate the low-value savings accounts defined in the National Development Plan to the MHCP.
- Presented a final report on the impact of informal credit and savings on low-income populations in Colombia.
- Designed and presented a set of indicators for providing effective monitoring and follow-up on the BdO policy to Asobancaria and Bancoldex.
- Developed a pilot program on financial education with Microfinance Opportunities, for “training of trainers” to extend basic concepts on financial education to under-served populations.

The commitment of the GOC, specifically the Presidency, Ministry of Trade, Ministry of Finance and Public Credit, SFC, DNP and Bancoldex, to the development of the BdO, was critical to the results achieved by MIDAS this quarter. “Red Juntos” and “Familias en Acción” have both included BdO objectives in their program goals, showing the GoC commitment to this program. Professional associations representing financial entities, cooperatives, NGOs and Family Allowance Funds, such as Asobancaria, Cooperativa Emprender, Confecop and Asocajas, have also been excellent partners and promoters of the BdO policies and programs.

Furthermore, synergies established with ADAM pilot projects permitted MIDAS to advance in the implementation of micro-credit technologies in key financial institutions, and thereby accelerate the results of the BdO policy. All of these alliances have permitted MIDAS to reach the maximum potential of its assistance and advance the development of the poorest and most excluded populations in Colombia.

## Financial Reform

The following is an overview of major financial reform results achieved this quarter:

- External Circular 51, approved by the Financial Superintendence of Colombia (SFC) on October 24, 2007: establishes regulations for the management of market-related risks, particularly on interest rates on collective portfolios, to reduce the vulnerability of the financial system to market disruptions.
- External Circular 53, approved by the SFC on October 30, 2007: issues regulations on the valorization of collective portfolios, to establish their value and holdings and to provide greater security to institutional investors.
- External Circular 54, issued by the SFC on October 30, 2007: sets forth guidelines for the administration and management of collective portfolios, as defined in Decree 2175 of 2007, to promote the growth of capital markets.
- • External Resolution 17, approved by Colombia’s Central Bank (Banco de la República) on November 23, 2007: establishes that the interest rates of re-discountable loans from FINAGRO

can be determined freely between the financial intermediary and credit beneficiary. This gives FINAGRO the possibility of opening up its interest rates and eliminating the distortions generated by rate controls in the allocation of credit.

- Regulatory Circular 48, approved by FINAGRO on November 27, 2007: determines that the re-discount requests presented by financial intermediaries will be paid out by FINAGRO within 2 business days following their submission, speeding up the distribution of resources.
- Regulatory Circular 49, approved by FINAGRO on November 30, 2007: to have access to the ICR (“Incentivo a la Capitalización Rural”), investment projects must be financed with a credit re-discounted or registered in FINAGRO, expanding the range of projects eligible for receiving support.
- Regulatory Circular 50, issued by FINAGRO on November 30, 2007: based on the Central Bank’s approval of External Res. 17, FINAGRO increased its interest rates by two points, stimulating the supply of resources in the system and initiating the expansion of access to credit for small agricultural producers.
- Resolution 21, issued by the National Commission for Agricultural Credit (CNCA): regulates the AIS for 2008 and establishes, among other things, that credit requests from medium and large-scale producers receiving the AIS subsidy can not be re-discounted in FINAGRO and must be funded with resources from financial intermediaries, thereby ensuring that the financial system contributes to cover existing demand. The resolution limits the rediscount of credit with support of the AIS subsidy to 50% with the Banco Agrario de Colombia (BAC), with the aim of controlling credit risk with the BAC.
- Resolution 24, issued by the CNCA on December 21, 2007: approves the budget for the Agricultural Guarantee Fund’s (FAG) 2008 operational expenses and obliges the implementation a system for the administration of guarantees to address the Fund’s risk management problems and ensure its sustainability.
- External Resolution 21 approved by Colombia’s Central Bank on December 27, 2007: deregulated the forced investment requirements on banks and financial institutions.

The regulations for agricultural finance are the result of the coordination and support provided by DNP, MARD, Ministry of Finance, FINAGRO, and Banco de la República.

#### **6.1.4. Sanitary and Phyto-Sanitary Standards (SPS)**

##### **Meat safety Project**

- Resolution 4282 and Resolution 4287, approved by the MPS on November 21, 2007. Establish food safety and technical regulations for pork (Res. 4282) and poultry (Res. 4287) slaughter and processing procedures. These resolutions are part of the regulatory reforms required for obtaining international recognition of the Colombian meat inspection system.
- The final versions of Resolutions with the Plans for Gradual Compliance to fulfill the requirements of the pork and poultry slaughter resolutions (Resolutions 4282 and 4287) were

presented to INVIMA on December 21, 2007. Approval of these resolutions is expected no later than January 10, 2008.

## Milk and Dairy Project

- Implemented a trade round to present Colombian cheese processors and other companies to US buyers and dealers. The initiative, developed in association with Proexport Colombia and carried out on November 27 and 28, 2007, was a unique opportunity for these processors to make contacts and develop business initiatives in the US market.



## Minor Crops Project

- ICA Resolution 2668, approved on October 8, 2007: establishes the temporary extension of the use of pesticides and other agricultural supplies for minor crops. The resolution sets forth a definition for minor crops in Colombia and speeds up the pesticide registration process for products with firm exporting potential.
- The final version of the CONPES document on SPS issues for fruits and vegetables was submitted at the pre-CONPES meeting held on December 14, 2007. This policy document establishes guidelines for improved sanitary and food safety standards important for the protection of human

and environmental health, and for enhanced market access for these fruit and vegetable products. This document is currently undergoing the budgetary phase and is expected to be approved in the 2nd quarter of 2008.

- Participated in the 2007 Minor Use Global Summit coordinated by FAO, EPA and IR-4 in Rome, from December 3 to 7, 2007. MIDAS Phytosanitary Policy expert Adriana Vélez formed part of the Summit's organizing committee and delivered a presentation on initiatives in the Latin American region to address pesticide registration and data generation for minor crops.

### **Institutional Strengthening Project**

- Finalized the development of ICA's Strategic Projects, which are now completely structured and ready for implementation. Furthermore, new guidelines were developed for driving ICA to a higher level of performance as a national plant and animal health authority.
- An agreement was reached with the GOC on the basic elements of the draft CONPES policy document for strengthening the analytical capacity of the National SPS System. This document will address, among other issues, the policy principles, objectives and responsibilities required to comprehensively apply the WTO-consistent policy guidelines established by CONPES 3375 to the National SPS Laboratories Network. Release of the draft CONPES document is expected in the second or third quarter of 2008.

### **Low Pest Prevalence Areas Project**

- Effectively created a group of papaya growers in the RUT area of northern Valle de Cauca (low pest prevalence pilot area) to actively address the agreement with APHIS required by the work plan for papaya exports from the region. This agreement will serve as the basis for the implementation of the work plan as soon as the regulatory process is completed and real access is obtained.

### **Processed Foods Project**

- Delivered the final versions of two microbiological risk assessment studies applied to Colombian products, one on fresh cheese and the other on cooked ham, to the Ministry of Social Protection, on December 21, 2007.
- Completed the final version of a general decree on food packaging and food contact materials, and delivered the document to the Ministry of Social Protection on December 27, 2007. This document is expected to be released for public consultation during the second quarter of 2008.

### **Good Agricultural Practices and Responsible Use of Pesticides**

- Implemented the 6th seminar on Good Agricultural Practices & Safe Handling of Pesticides, from October 29 to November 3, 2007. The event concluded the series of six courses carried out in

association with Crop Life and ANDI, as planned for in the 2008 work plan. The success of this initiative has encouraged the collaborating organizations to coordinate new activities for 2008.

Key to this quarter's achievements in the area of Sanitary and Phytosanitary Standards was MIDAS' close working relationship with all major national SPS agencies, which have demonstrated a great commitment to the implementation of CONPES 3375 and other sanitary-related CONPES documents.

### **6.1.5. Competitiveness Reform**

#### **Transport and Logistics**

- CONPES 3489, approved on October 1, 2007: defines a National Policy for Public Cargo Transport in Colombia. The policy document includes recommendations to review and update the regulatory framework with the aim of reducing informality and promoting diversification, efficiency and competition in the provision of logistics services. Furthermore, two important changes are identified: The formalization of labor relations to ensure social security coverage for drivers, and the need to provide quality training on technical and operational issues to employees throughout the logistics chain.
- Act No.1 of the National Competitiveness Commission, issued in December 2007, through which the "Committee for the Facilitation of Trade and Transport Logistics" is established. This committee will provide support to the National Competitiveness Commission in promoting more efficient coordination between the many private and governmental entities involved in the transport and logistics services market for exports and imports.

#### **Energy**

- Resolution 095, approved by the Energy and Gas Regulatory Commission (CREG) on November 21, 2007: establishes regulations regarding the concentration of stock holdings in the energy market. Specifically, the resolution eliminates a restriction that had formerly prohibited energy-generating companies from having holdings in the market superior to 25%, a limitation that not only did not resolve anti-trust problems in the energy sector, but also served as a significant disincentive to investment and competition in the market.

#### **Regional Competitiveness**

- Six new Regional Competitiveness Commissions were installed this quarter, three of which were established in the departments of Huila, Nariño and Casanare under the MIDAS program. The other 3 Commissions, while not part of the MIDAS program, were installed in Sucre, Cordoba and Guaviare with the technical assistance of the National Competitiveness Commission.

## Telecommunications

- Developed and presented to the Telecommunications Regulation Commission (CRT) a study and series of legal and regulatory proposals on the issues of local loop unbundling and resale of services, for inclusion in CRT resolutions to be issued on the subjects in 2008.

## Last Mile Initiative

- Developed a pilot program to open Non Bank Correspondents in the municipality of Tumaco with NGO “Contactar”.
- In coordination with Cisco, selected Manizales as the Latin American Cisco Pilot, to launch the first digital hospital and fully internet broadband-connected city.
- Supported the development of the first two web portals with exclusive Afro-Colombian content (www.afrocolombia.com.co and www.amunafro.com.co).
- Formed alliances with US technology companies, including Intel, Microsoft and Cisco, to offer connectivity, education, software, tele-health, training and relevant content to MIDAS-supported digital territories.
- Provided training, in conjunction with the Ministry of Communications and City of Manizales, to 280 young people from vulnerable populations on ICT education, to prepare them with hiring and on-the-job labor skills for the private sector. All of the 280 individuals were hired.
- Provided technical and legal assistance to the Ministry of Communications to identify strategic allies for the deployment of infrastructure in different digital territory municipalities, summarized as follows:

**Table 22**

| MUNICIPALITIES | INFRASTRUCTURE                                      | VALUE COL \$  |
|----------------|---|---------------|
| CHOCÓ          | 5 VIRTUAL CLASSROOMS                                | \$208.880.000 |
|                | 280 PEOPLE TAUGHT ON ICT EDUCATION                  |               |
|                | 324 TEACHERS EDUCATED BY INTEL                      |               |
| TURBO          | 5 VIRTUAL CLASSROOMS                                | \$170.000.000 |
|                |   |               |
| TUMACO         | 5 DIGITAL CLASSROOMS                                | \$230.240.000 |
|                | 502 TEACHERS EDUCATED BY INTEL                      |               |
| BUENAVENTURA   | 106 COMPUTERS FOR FUNDACION SOCIEDAD PORTUARIA      | \$170.000.000 |
|                | 10 SERVERS  |               |
| HUILA          | 5 VIRTUAL AND 3 MOBILE CLASSROOMS                   | \$477.360.000 |
|                | 1478 TEACHERS EDUCATED BY INTEL                     |               |
| RISARALDA      | 3 MOBILE CLASSROOMS AND WIRELESS CONNECTIVITY STUDY | \$431.880.000 |

|           |  |                 |
|-----------|--|-----------------|
|           | 1924 TEACHERS EDUCATED BY INTEL                              |                 |
| SINCELEJO | 8 MOBILE CLASSROOMS  | \$300.000.000   |
|           | 1 MOBILE CONNECTIVITY AND CONTENT UNIT                       |                 |
|           | 5 PUBLIC CONNECTED SITES                                     |                 |
| MANIZALES | 280 PEOPLE ICT EDUCATED AND "OPEN DOORS FOR LABOR INSERTION" | \$400.000.000   |
| TOTAL     | (\$1.881.000.000 from Ministry and \$507.360.000 from Intel) | \$2.388.360.000 |

## Arbitration

- The Arbitration Law was presented to Congress in November 2007. This law will (a) implement FTA investment chapter obligations, (b) improve Colombia's ability to protect the rights of foreign investors and thus reduce the probability of disputes between investors and (c) improve Colombia's ability to respond to disputes that may arise.
- Between November and December 2007, three outreach events were carried out in different cities of Colombia to promote and discuss the content of the Arbitration Law presented to Congress in November. The trainings targeted high-level government officials and members of Congress.

## Competition

- A new draft of the Competition Bill, incorporating the recommendations of the Ministry of Industry and Trade, was presented to and discussed with the High Councilor for Competitiveness and the Director of Competitiveness at the DNP in December 2007. Apart from imposing restrictions on practices that go against free competition between companies, the Bill establishes an institutional framework that clarifies responsibilities regarding antitrust and mergers and acquisitions between existing superintendencies and regulatory commissions.

### 6.1.6. Technical Norms (Tbt)

#### Private Sector Development

- Three new companies/products were certified this quarter, for a total of 104 companies/products certified over the life of the project to date. This total includes 24 in the HACCP (Hazard Analysis Critical Control Point) process standard for the food industry, meat industry and additional cheese companies, 9 in the CMMI (Capability Maturity Model Integration) process standard for the software industry, 8 in GMPs (Good Manufacturing Practices) standard (basis for HACCP) for the food industry, 57 in BASC (Business Alliance for Secure Commerce) for security in the logistics process, 4 products in Kosher (product standard based on the old testament), 1 in WRAP (World Responsible Apparel Production) for the textiles and apparel industry and 1 in TS16949 (Quality Management System for the Automobile industry based on the ISO 9000 series standards).

## Improvements in the Quality System

- With MIDAS support, the National Accreditation Body was created on November 20, 2007 as a private/public independent entity, with the objective of eliminating duplications and inefficiencies in the area of accreditation. This achievement included the development of the Accreditation Body by-laws and a detailed business plan including an implementation plan for the management system to comply with international standard ISO17011 and registration with the local Chamber of Commerce. A ceremony was organized with the Minister of Trade to sign the official Act of Constitution. The new body will allow international participation and be able to charge market rates for its activities, eventually becoming self-sustaining through these fees and thereby eliminating this burden from the government. MIDAS technical assistance, through recommendations provided in the Quality CONPES document and cooperation with key government and private sector organizations, was critical to the establishment of the Accreditation Body.

The commitment of the Ministry of Trade, National Planning Department and the Superintendency of Trade was indispensable to the successful creation of the National Accreditation Body. Long-term success of the Accreditation Body, however, will depend on continued support to get the organization up and running, and cooperation from the entities currently responsible for accreditation in the country.

### 6.1.7. Fiscal Reform

#### Results Based Budgeting

- A Results Based Budget (RBB) Annex was added to the 2008 Budget final decree (i.e. enacted budget) for INVIAS and ICBF.
- Developed a costs model for ICBF and INVIAS.
- Defined a set of performance indicators as part of the Results Based Budgeting system for ICBF and INVIAS.
- Designed the articulation between the Medium Term Expenditure Framework (MTEF) and the investment cycle.
- Strengthened the public investment management system at the DNP.
- Developed the second phase of the two pilot projects to be carried out in 2008, in coordination with DNP, INVIAS and ICBF.
- Achieved the reform to the Decentralization Law (i.e. Law 715/01 or “Ley del Sistema General de Participaciones”).

The Fiscal sub-component’s achievements this quarter in great part derive from the close relationship developed with DNP, INVIAS and ICBF staff. In particular, the DNP has demonstrated a strong commitment to improving the information system to efficiently assign and execute public investment resources. ICBF and INVIAS have been excellent partners in working to improve agency performance through a reformed budget system that generates the relevant information. MIDAS worked closely with all three agencies to transfer knowledge and use of the RBB system. Furthermore, MIDAS collaborated

closely with the DNP to coordinate the use of USAID-MIDAS resources with other funds (i.e. from the IADB and World Bank) to achieve the mutual objective of strengthening the central government's budgetary processes.

## **6.2. WHAT WE NEED TO CONSOLIDATE THE STRATEGY**

### **6.2.1. Labor Market Reform**

Key labor reform objectives for the upcoming quarter include:

- Initiation of the implementation of the new inspection model in Bogotá, Medellín and Bucaramanga. This will mean that the new inspections system proposed by MIDAS/USAID will effectively cover 85% of the working population in the country by end of 2008.
- Organization of 3 to 4 one-day seminars on certification of social accountability standards using the SA8000 norm, targeting a minimum of 80 enterprises.
- Implementation of a training-needs forecasting model in SENA.

### **6.2.2. Agriculture, Forestry and Environmental Reform**

During the next quarter, the Agriculture Reform sub-component will focus its efforts on building consensus with national authorities for the development of critical reforms on matters related to land, information systems, a rural competitiveness strategy, rural technical assistance policies, and private sector participation in rural irrigation services. To ensure the continued advancement of the regional transition pilots, MIDAS will work to involve newly elected regional authorities in the activities and commitments assumed by the previous governors and mayors in the respective Regional Transition Councils. Furthermore, with the aim of extending the Tradable Emissions Quota model to other regions of the country, MIDAS will collaborate with regional authorities to achieve a more active participation and commitment on the part of the Ministry of Environment.

- Decree regulating Chapters IV, V and VII of Law 70. The decree was expected to be issued in 2007 but the government has required more time than originally forecasted to review the proposed changes.
- Approval and inclusion of the Regional Transition Plans for Boyacá, Nariño and Baja Guajira in the 2008-2012 departmental development plans.
- Draft CONPES document on an Agricultural Transition Strategy for Colombia.
- Implementation of a survey on Agricultural Information Demand, targeting more than 130 municipalities throughout the country.
- Document presented to the Ministry of Agriculture and DNP with detailed proposals to expand quality Technical Assistance (TA) services in Colombia, including proposals to provide incentives for greater TA demand on the part of small agricultural producers.

- Seminar to evaluate national and international case studies regarding policies and systems to promote the effective provision of TA services to small agricultural producers, including experts from Mexico, Brazil and Chile, among others.

### **6.2.3. Financial Reform**

#### **Micro-Finance Pilot Program (MFPP)**

- Implementation of Bancolombia’s rural micro-credit pilot in 12 municipalities of Antioquia (Carepa, Necocli, Cisneros, Yolombo, San Roque, Angostura, San José de la Montaña, Valdivia, Jericó, Salgar, Bolívar, Taraza and Cáceres), with 5 Credit Assistants from the Puntos de Atención Cercano (PAC).
- Expansion of the MFPP with the 19 entities currently receiving technical assistance.
- Completion of field trainings for the new micro-finance assistants contracted by the entities participating in the MFPP.
- Initiation of the process of structuring the pilot electronic-banking program.
- Development of the micro-credit program with Bavaria.

During the next quarter, MIDAS will continue the process of supporting Bancoldex in the implementation of the BdO, with the aim of advancing the transfer of knowledge for the future operation of the program. MIDAS will also promote a media campaign to highlight the advances achieved and consolidate reforms in the area of interest rates. Special attention must be placed on this issue at the onset of 2008 ahead of the new certification of the interest rate on micro-credit in March, to avoid any reversions of the reforms achieved in 2007.

#### **Promoting Access to Financial Services (Banca de las Oportunidades - BdO)**

- Calls for applications opened on behalf of the BdO to contract technical assistance for (i) the institutional strengthening of financial cooperatives, (ii) implementation of “Self-Help Group” (Grupos de Auto-Ayuda) programs, and (iii) implementation of Communal Banking programs.
- Decree issued by the MHCP on the new definition of micro-credit.
- Decree issued by the MHCP to regulate the low-value savings accounts.
- Development of a pilot project to promote saving schemes for beneficiaries of the “Familias en Acción” program.
- Development of proposals to eliminate regulatory obstacles to the expansion of micro-insurance.

## Financial Reform

- Decree on the regulation of derivatives issued by the Ministry of Finance.
- Decree on intermediation in the stock market issued by the ministry of Finance.
- External Circular on the control and supervision of derivatives issued by the SFC.
- External Circular on the liquidity risk management issued by the SFC.
- Certification of the quality of one of the SFC's "missionary processes" (procesos misionales).
- Regulatory Circular issued by FINAGRO on the limitations to the use of rediscountable credits with the AIS subsidy.

### 6.2.4. Sanitary and Phyto-Sanitary Standards (SPS)

- Approved CONPES document on SPS issues for fruits and vegetables.
- Approved Resolutions by INVIMA with Plans for Gradual Compliance to fulfill the requirements of the pork and poultry slaughter resolutions (Resolutions 4282 and 4287).
- GAP certification of the Broccoli pilot project in Boyacá.
- Final versions of regulations on processed meat products, cleaning and disinfection, and food packaging.
- Final diagnostic presented to the DNP on National SPS System laboratories, to serve as the basis of a draft CONPES document on the subject.
- Submission to INVIMA of final database on the presence of pathogens in Colombian food products.

### 6.2.5. Competitiveness Reform

Several legislative reform goals set for this quarter have experienced delays due to the October regional elections and consequent disruptions to the congressional agenda. In light of this, MIDAS expects to see a significant number of pending reforms approved over the next two quarters. Specific Competitiveness Reform objectives for next quarter include:

- CONPES policy document on Competitiveness, by March 31, 2008.
- Initiation of a study with Harvard University/CID for the development of an export promotion policy.
- Development of a system to monitor and support the implementation of the policy recommendations set forth in the CONPES document 3484 on micro, small and medium-sized enterprises.

- Design of an information system and operational mechanisms for the new, demand-driven model for FOMIPYME.
- Delivery to the GOC of the final results of the “Doing Business” study in Colombia’s regions, with the presence of the President of the Republic and members of the National Competitiveness Commission, in January 2008. These results provide information on the critical reforms that are needed for reducing business hurdles and red tape in 12 regions and regional capitals.
- Installation of 3 new Regional Competitiveness Commissions, in the departments of Chocó, Guajira and Norte de Santander, between February and March 2008.
- Inclusion of key proposals from the MIDAS/Confecamaras competitiveness plans into the regional development plans of at least 6 departments.
- Approval of a Decree / Resolution establishing a new instrument for determining ground transport fees and freight charges in a rational, competitive and efficient way, in accordance with the results of a study carried out previously assessing international best legal and regulatory practices in the logistics services market (expected in February 2008).
- Delivery to the GOC of a draft of a Bill / Decree proposing the redesign of the regulatory framework of the transport sector in Colombia, in February 2008.
- Delivery to the GOC of a draft proposal for the negotiation of port concessions between the GOC and Port Societies of Santa Marta, Buenaventura and Barranquilla, as well as a proposed system of indicators to ensure the effective and efficient fulfillment of these contracts with the commitments made regarding port services.
- Presentation of the Competition Bill to Congress, expected in March 2008.
- The Telecommunications regulatory Commission will issue the infrastructure unbundling and leasing resolution with USAID/MIDAS support.

#### **6.2.6. Technical Norms (TBT)**

- Final approval of the Decree to create the inter-governmental commission on Quality to coordinate policy for the quality sub-system as identified in the Quality CONPES 3446.
- Final and approved Decrees eliminating/revising the accreditation functions of entities currently performing the responsibilities officially replaced by the new National Accreditation Body (including ICA, INVIMA, SIC and IDEAM).
- Final and approved Decree to permit designation of testing laboratories to comply with new regulations where no accredited laboratories exist.
- Implementation of international standard ISO17011 in the newly formed National Accreditation Body, thereby permitting the entity to begin accepting applications for accreditation in the country and begin participating in international accreditation organizations to achieve mutual recognition agreements for its clients.
- Transition of scientific and industrial metrology from the Superintendency of Trade (SIC) to the new National Metrology Institute.

- Certification of 6 farms (5 cacao and 1 guadua) in the Rainforest Alliance standards, and certification of at least 1 additional meat company in the HACCP certification program, for a total of 110 companies/products certified to date.
- Official standard category for fique under the Colombian environmental Labeling Program, published and adopted as an official Colombian standard.

### **6.2.7. Fiscal Reform**

- Launching of a monitoring system for ICBF and INVIAS' 2008 budget, to test the RBB system created during 2007.
- Design of a set of performance indicators for the DNP, to replicate the system based on the results of the two pilot projects at ICBF and INVIAS.
- Development of a budget programming system for the 2009 budget, based on the RBB methodology.
- Application of the cost model to specific projects in ICBF and INVIAS.
- Proposal for the reform of BPIN rules related to the budget process, and of the DNP organization related to the RBB methodology.

## Introducing... the Colombian Papaya to the USA

*Thanks to the work of the Policy Component, doors are opening for Colombia to position itself as an exporter of non-traditional products in the international market. This new certification gives Colombian fruit exporters the opportunity to comply with new phyto- sanitary standards.*

For the past 20 years, Colombia has been exporting the same products: coffee, flowers, bananas, and sugar. Today, it's preparing to conquer the North American market with something different: the papaya. For the first time ever, American taste buds will be able to enjoy papaya grown in Colombia- the country receives legal authorization to export this fruit in 2008.



An official from the United States Department of Agriculture inspects a fruit-fly trap as part of a pest control program for a papaya crop.

Importing fruit to the United States is a heavily regulated process. The federal government imposes strict phyto-sanitary standards, especially for tropical countries like Colombia where climactic conditions favor fruit-fly development. Both the *Anastrepha Fraterculus* and the *Ceratitis Capitata* (flies) are attracted to the papaya because of its smell and orange-yellow color. These flies then leave small orifices on the skin of the fruit that become the entryway for microorganisms to start the rotting process.

Because of these pests, Colombia is at a disadvantage in comparison to Mexico, Costa Rica, and Brazil that sell papaya to the United States. These countries have carried out the required processes of the US Department of Agriculture which include the establishment of papaya fruit-fly free zones, and the quality

inspection of the fruit that, to be accepted, cannot have signs of fading, wrinkled skin, color loss, latex stains, or punctures.

The Colombian Agriculture and Livestock Institute (ICA) with the technical support of the program MIDAS (Más Inversión para el Desarrollo Alternativo Sostenible- funded by the United States government through the Agency of Alternative Development- USAID), is currently developing a pilot project in 3 municipalities of the Valle del Cauca department. Through these efforts, a plague monitoring program is being created to produce papaya without fading, wrinkled skin, and other indications of disease.

In order to enter the American market, they have worked with eleven small and medium size agriculture farms in the northern Roldanillo Valley, La Unión, Toro, and Zarzal on perfecting the following techniques: early symptom detection and disease impact, maintenance and installation of the fly traps, and biological control of the plagues.

At the same time, ICA is strengthening their control processes with a new resolution that encourages farmers to eradicate infested material. Additionally, with the help of MIDAS, ICA is creating regulatory documents which are needed for the importing of papaya to the American market. The hope is that the key to entry for the Colombian market is obtained in the short term, and that the Northern Valley of Cauca becomes an authorized exporter very soon.

The yearning of these farmer-beneficiaries to be permitted to export papayas has motivated them to unite and persuade their neighbors that the integrated handling of plagues and good agricultural practices will make the zone an important fruit exporting region for not only papayas, but also grapes, passion fruit, and melon which abound.

# 7. DCOP OFFICE AND TECHNICAL SERVICES

## 7.1. KEY ACHIEVEMENTS

The first quarter of FY 2008 implied the approval of the most important synergy between MIDAS components. The project with FEDECAFE is the result of a 1-year effort of the MIDAS ABC and SME Components. This project will benefit 25,000 families, creating 30,000 jobs and planting 15,000 new hectares (out of 30,000 supported hectares) of specialty coffee. Simultaneously, this agreement deepens MIDAS' relationship with Acción Social (more than 3,000 families in the project are also part of the "Familias Guardabosques" program) and allows MIDAS to take an active and significant role in the implementation of Colombia's policy for coffee renovation launched in 2007.

In addition to this project, the agreement between MIDAS and Acción Social has already supported 17 projects (11 from SMEC and 6 from ABC) totaling close to US\$ 1.5 million from Colombian Government. Preliminary conversations with Acción Social indicate that a larger amount of resources will be added to the *convenio* to support additional projects during 2008.

Other possible sources of funding have been explored and identified in consultation with USAID. These include the Clinton Foundation, FUPAD and IOM for projects with Internally Displaced Population and former members of illegal armed groups. MIDAS has participated in the discussion tables for Income Generation and Afro-Colombians and is in constant communication with Ministerio del Interior and Alta Consejería para la Reintegración.

The project management system began its final user tests for SMEC and ABC, once the final review at the internal productivity committee ended.

## 7.2. WHAT WE CAN ACHIEVE IN Q2 FY08

For the second quarter FY 2008 the office will oversee the implementation of the FEDECAFE project, the disbursement of the matching funds committed under the joint effort agreement with Acción Social and will report on the execution of the GOC's funds.

As new local authorities start their governments in January, MIDAS is looking for the best possible way to leverage resources for the portfolio under implementation, or for projects in development stages that had been prioritized. Further steps on getting resources from Clinton Foundation or other possible donors will be taken during the quarter. New conditions (including number of projects and an accurate amount of GoC funds) of the addendum of the Acción Social Agreement may be discussed during the quarter.

"Captive", a tool devised for training regional offices staff through an e-learning methodology will be implemented in January, once final user tests for CFC are settled. According to the results of the tests and the training processes the project management system will be fully implemented by the end of the quarter.

# 8. COMMUNICATION AND OUTREACH DEPARTMENT

Q1 FY 08 was critical for a realignment of the Department's priorities, taking into account that projects demanded continuous support to strengthen community organizations. Projects also demanded more materials as part of their communication activities. The Department's communication strategy focused on developing workshops with grantees and beneficiaries to satisfy communication needs as well as to position USAID in the minds and work of our partners. Moreover, field trips, written materials for projects and mass media outreach were key for the success of the C&O department. Main activities include:

## 8.1. FIELD TRIPS

"MIDAS left installed capacity among beneficiaries and it is a great thing".

Luis David López, Asofincave beneficiary

This activity fits into the objective: "to raise public awareness and inform USAID/Colombia target audiences about US alternative development programs in place and USAID's role in assisting the Government of Colombia (GoC)". All visits organized during the quarter supported the objective and were very

successful, according to the visitors' reports. The visit from Paul Bonicelli, Assistant Administrator for Latin America and the Caribbean to the Vegachí Cocoa project was the most important of the quarter. A VIP trip was also organized for John Negroponte, Deputy Secretary of State to visit the Fique fiber project in Medellin. Although everything was ready, the visit was called off because of agenda issues. A visit to an Oil Palm research center in Barrancabermeja, Santander was organized to senior USAID management team to demonstrate project's advance and crop's potential. Finally, USAID staff visited a raspberry plantation, a laboratory to process the fruit, a few specialty coffees projects, as well as the initiative for digitalization, all in Huila.

## 8.2. MEDIA COVERAGE

MIDAS help has been real and timely; we have to applaud and value it as well as express our gratitude...MIDAS has been well directed by a group of well trained and very professional team..."

La Nación Newspaper. December 10th, 2007

With 12 articles in the private press, this quarter's contribution to the total annual MIDAS media appearances was 15.3%. The estimated saving derived from of the Outreach team work is

US\$6,000. We obtained a high coverage in spite of elections, which gathered complete media attention during September and October, and the relative inactivity of all media typical of December.

### 8.3. PROGRAM LEVEL ACTIVITIES LED BY THE DEPARTMENT

These activities are divided into two types: internal and external. For internal activities the support to MIDAS "Cómo vamos" meeting to update staff about the Program and the production of a video of the meeting sent to regional offices are a key element to keep personnel informed. For external activities, the production of the bi-weekly electronic bulletins "MIDAS en Cifras" and "MIDAS en Contacto" provided key information to program's stakeholders of the latest achievements.

We had a lot of fun playing these games and, at the same time, we learnt about the project and about ourselves"

Juana Domínguez, CFC beneficiary

Feedback from recipients has been extremely positive. In the next quarter we will inform the results of the assessment to know in detail what could be improved in these two bulletins. The participation in the Alternative Development Fair in Cartagena was positive as a way to promote not only the Program but also USAID Alternative development message. The American Chamber Fair in Medellin was another space to promote the Program, as well as USAID Christmas Handcraft fair.

A poster for farmers on safe pesticides use will be used by business component to promote the responsible use of these substances as part of the PERSUAP policy.

### 8.4. COMPONENT LEVEL ACTIVITIES

Activities to support components addressed the objective "supporting the efforts of the 'Business Development' component of MIDAS to reach potential project participants, including developing a connection with business and producer associations that will facilitate this objective".

The materials produced supported specific component activities such as: vests and caps for CFC-Café y Madera project, as part of the efforts to involve beneficiaries into the project and to follow branding and marking regulation; the poster of ABC- Asofincave project has been used to give a sense of belonging among the organizations that are part of the project.

A table game and a specific methodology to apply in a workshop by CFC- Procuencia farmers were produced. Through the methodology and the game, beneficiaries become familiar with the conditions, procedures and challenges of the project, which is very important for long-term CFC projects to ensure ownership and commitment towards the project's results. The workshop and the methodology helped the association to overcome some internal communication problems that became a factor affecting the capacity of the association to cope with the Program demands. The SME cocoa growers association of Vegachí, also got Outreach support in a workshop. Finally, a dairy-products business fair promoting Colombia's competitiveness with US investors was organized with MPC. The stand, materials and event organization were Outreach responsibility.

# 9. PPD: A MODEL FOR DECISION MAKING SUPPORT

## 9.1. ACHIEVEMENTS

MIDAS Program Planning Department designed and implemented a comprehensive model for providing accurate and updated information on program's performance to its Senior Management Staff, the USAID, and the GoC. This model also supports PPD's annual and long-term planning exercises, which are the foundation of MIDAS yearly Work Plans, its personnel policy, and burn rate projections.

Three areas compose the MIDAS Program Planning Model:

1. The monitoring and evaluation coordination, in charge of monitoring projects' performance;
2. The environmental coordination, which ensures that projects comply with high environmental standards set by USAID and GoC; and
3. The financial coordination that keeps track of projects' and overall financial performance, and produces cash-flow and budget projections.

These three areas of coordination are supported by regional specialists in each MIDAS corridor who serve as field officers for the program, linking projects development and implementation in the field with headquarters. The model is supported by the information technology area which together with PPD has developed and implemented a modular information system, the SIM family, with applications for project monitoring through the pipeline and during implementation; grants and contracts approvals; disbursements; and communications among all key players. Coordination among all areas is key to the success of the model. The main achievements of each area are described below:

### 9.1.1. Monitoring and Evaluation Coordination (M&E)

This quarter, crucial for achieving WP goals, demanded a great effort from M&E to complete initial verification and follow-up visits to projects, monitoring plans, training activities, and reporting to USAID and Acción Social. During this quarter, M&E increased the verification visits in 23% (54), compared to the previous quarter (44); follow-up visits by 125% (18 versus 8). M&E organized and conducted 17 training events and designed 74 monitoring plans for all components. This represents a total of 413 monitoring plans done up to date. M&E certified 27,800 new jobs from SME and reviewed and approved reports for 380 projects in implementation. These activities were also conducted for new projects signed as part of the implementation of the agreement signed with Acción Social PCI.

Attending a request from USAID about applying the “Poverty Assessment Tools (PAT) as part of their Microenterprise Results Reporting”, M&E supported SME in the design of the ToR and the selection of the firm who is currently applying the survey to 300 beneficiaries supported by SME projects.

Regarding the “Zero-Illicit Policy” M&E, in coordination with Acción Social and UNODC started the dissemination process, inviting 10 grantees to meetings held in Bucaramanga, Barranquilla and Apartadó in order to explain to them the way in which UNODC defines *veredal* boundaries, socialize the available cartography, and describe the next steps to verify that a *vereda* is free of illicit crops. M&E will continue scheduling additional meetings with other grantees in the next quarter, to achieve the full implementation of this policy with the GoC.

### **9.1.2. Environmental Coordination**

During the period 21 Environmental Reviews, involving 14 projects, were submitted to USAID, 18 of which received approval. Environmental Reviews took an average of 12 days to be approved by the USAID, down from 15 days in the previous quarter. Also, 86 requests for Categorical Exclusions were submitted to USAID and all but one received approval. The average time elapsed to receive approval after the request was 1.16 days, down from 1.27 days on average in the previous quarter. The average time elapsed to prepare an ER increased from 55 days in the previous quarter to 86 days in this quarter, due to the more stringent standards requested by the USAID.

One field verification visit was carried out in order to supervise the implementation of the Environmental Reviews. In that visit, no major issues were found regarding environmental compliance.

To increase and spread comprehension on environmental issues, improve efficiency reporting environmental activities and ensure project compliance, the coordination continued with the in-site training strategy. In twenty-three sessions twenty grantees and proponents were trained in the use of the SIGA system and environmental requirements. Members of the regional offices also received environmental training. The purpose of this activity was to prepare Regional Environmental and M&E Specialists to deal with proponents regarding several procedures, such as: producing Environmental Reviews, submitting and revising environmental monthly reports, submitting Categorical Exclusions and facing environmental issues, among others.

The coordination continued to supervise the preparation of the Environmental Assessment for project 125-P; this work is being done by the firm CAEMA and deals with the construction of an Oil Palm Processing Plant in Norte de Santander. This Assessment is the first one conducted by MIDAS and looks to ensure the project’s compliance with strict environmental standards; thus guaranteeing that the construction and operation of the Oil Processing Plant will decrease any potential harm to the hosting area.

Finally, the new PERSUAP continued to be revised to make it a more comprehensive document while providing the mechanisms for its permanent actualization. A contract was signed with one of the authors to assure a prompt final version of the document and back up a periodic procedure to update it.

### **9.1.3. Financial Coordination**

This quarterly was highly demanding on the development of budget for 2008. Information provided by USAID regarding a possible reduction of the program LOP budget implied a detailed evaluation of every budgetary line to determine budget realignment and cost efficiencies.

The Project Portfolio model developed by the IT department became a very accurate instrument to determine cash flow and other specific information at the project level, thus enabling the coordination to fine-tune cash flow projections and LOP goals. Currently we have a system, formats and linkages that allow us to structure LOP cash-flow scenarios under different LOP conditions, allowing the program to establish a long-term budget and cash -flow projections. Financial planning for 2008 already includes forecast scenarios for 2009 and 2010. Several activities developed under the financial coordination now permit the permanent monitoring and control of monthly burn rate achievements vs. projections; follow up of budget execution and control of budget lines by areas and components through SIM with early alerts on areas and components budget availability levels.

For the first time budget development activities lead by the Financial Coordination, involved the participation of representatives of areas and components generating a consensus on budgetary lines realignment and focus on manners to generate cost efficiencies. Shared functions expenses are now clear and separated from the components allowing a better control of support areas activities and expenses.

Efficiency indicators regarding costs per hectare and costs per job are still being developed as an internal measure of projects performance.

## **9.2. HOW WE DID IT: STRATEGY TO SUCCESS**

First of all, we increased the level of communication and training activities with our grantees. A higher level of trust and commitment from both parts allowed us to increase timely and proper report of indicators and environmental activities. Visits were also scheduled and conducted in a timely and coordinated manner, and data quality has greatly improved. When grantees prepare their first indicators report, we give them one-in-one support at their own offices through our M&E regional specialists.

We have also made an effort to reach our partners, the safe-pesticides industrial caucus, the GoC, our own component managers and shared-functions personnel to make planning exercises a more participatory and inclusive process. This has derived in a series of agreements, formal and informal, that have greatly improved our ability to support grantees through technical and financial resources, increase the quality and opportunity of our reporting, and reach agreements on program key decisions, from budget realignment to environmental compliance, to information system development.

## **9.3. WHAT WE CAN ACHIEVE NEXT QUARTER**

Since the program will enter full implementation, we are devoted to Improve the quality of our SIM system and the support we give grantees to ensure that indicators from all projects are reported and verified in a timely and accurate manner.

We will strive to concur with USAID and the safe-use pesticides industry group in a work plan capable of implementing the new, more stringent, environmental guidelines whilst helping proposals to move swiftly through the pipeline.

We are also committed to translate into English and disseminate the new PERSUAP, to obtain USAID's approval, and to define a methodology to update and modify it in the future, once it is approved.

Burn-rate, cash-flow, and budget projection will be kept updated and we'll strive for present to the USAID and our management team with timely and accurate projections that give them proper elements for decision-making.

# 10. CONTRACTS AND GRANTS

## 10.1. ACCOMPLISHMENTS DURING Q7

During the reporting period, the MIDAS Contracts and Grants office focused on the commitment and implementation of new projects. During the reporting period the MIDAS Contracts and Grants Department committed COP\$77,809,867,160 equivalent to US\$33,830,378 (Exchange Rate of COP\$2,300-US\$1) in contracts and grants. To date MIDAS has committed COP\$152,782,147,115 equivalent to US\$66,427,021. One hundred and one instruments were awarded during the reporting period, which was a slight reduction from the previous period due mainly to a hold on issuing 31 approved SME grants while the MIDAS team established the priority projects under the new MIDAS contract funding scenario. During Q7 the MIDAS C&G office issued two Requests for Proposal for the SME and Policy Components.

**Table 23: Detail of commitments during the reporting period**

| CONTRACTS AND GRANTS COMMITTED DURING OCTOBER 1, 2007 TO DECEMBER 31, 2007 |                          |               |               |                  |                   |                   |
|--|--------------------------|---------------|---------------|------------------|-------------------|-------------------|
|  |                          | BPA           | CONT          | FOG              | SG                | Total general     |
| ABC  | MIDAS Instruments        |               | 1             |                  | 8                 | 9                 |
|  | MIDAS Amount             |               | \$7,000,000   |                  | \$17,499,325,397  | \$17,506,325,397  |
| CFC  | MIDAS Instruments        |               | 1             | 1                | 5                 | 7                 |
|  | MIDAS Amount             |               | \$226,936,180 | \$283,555,414    | \$4,329,492,646   | \$4,839,984,240   |
| LEVEL  | MIDAS Instruments        | 1             |               |                  |                   | 1                 |
|  | MIDAS Amount             | \$50,000,000  |               |                  |                   | \$50,000,000      |
| POL  | MIDAS Instruments        |               | 1             |                  |                   | 1                 |
|  | MIDAS Amount             |               | \$277,144,814 |                  |                   | \$277,144,814     |
| PYME   | MIDAS Instruments        | 2             | 1             | 76               | 4                 | 83                |
|  | MIDAS Amount             | \$200,000,000 | \$22,500,000  | \$45,224,186,105 | \$9,689,726,604   | \$55,136,412,709  |
|  | MIDAS Instruments        | 3             | 4             | 77               | 17                | 101               |
|  | MIDAS Amount             | \$250,000,000 | \$533,580,994 | \$45,507,741,519 | \$31,518,544,647  | \$77,809,867,160  |
|  | Counterpart Contribution | \$-           | \$167,744,025 | \$45,256,081,287 | \$307,107,708,320 | \$352,531,533,632 |

\* Values in COP\$

## 10.2. TIME PERFORMANCE STANDARDS

To date 63 of the 105 projects have required USAID Contracting Officer approval, 26 of which were approved during this reporting period. For those projects which require USAID/CO approval the following indicators are being tracked: Days from RC approval to submission to USAID; Days from submission to USAID to USAID approval; Days from RC or USAID approval to signature.

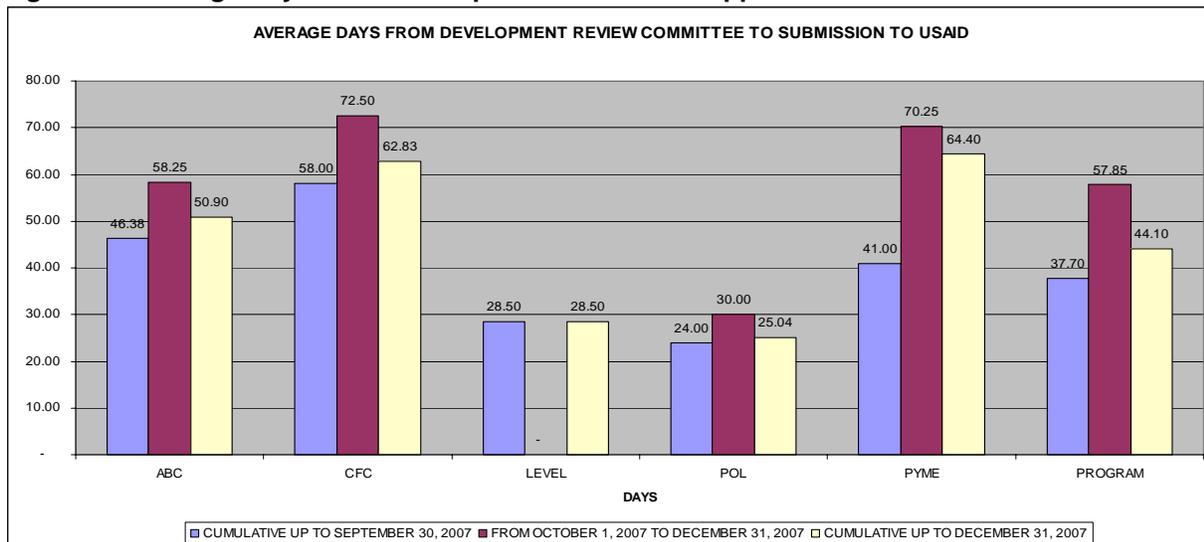
The main challenge this quarter was meeting our previously agreed to approval and implementation timeframe targets. The unit was successful in meeting the targets overall however there were a number of external factors that impacted the approval timeframes including: the approval process of USAID’s internal Coffee Committee for coffee projects, obtaining a waiver to work with Mixed Entities, and additional steps in the approval process resulting from USAID’s reduction of the overall MIDAS contract.

During the period both the MIDAS team and USAID have been preparing new scenarios to reflect the funding level changes to the MIDAS contract. As a result, the MIDAS components and USAID shifted focus from approving and signing new commitments to working on the new scenarios. In addition, USAID required an additional level of approval by the CTO following approval by the Activity Manager and the USAID Contracts office before the MIDAS COP could sign and issue the projects to the grantees.

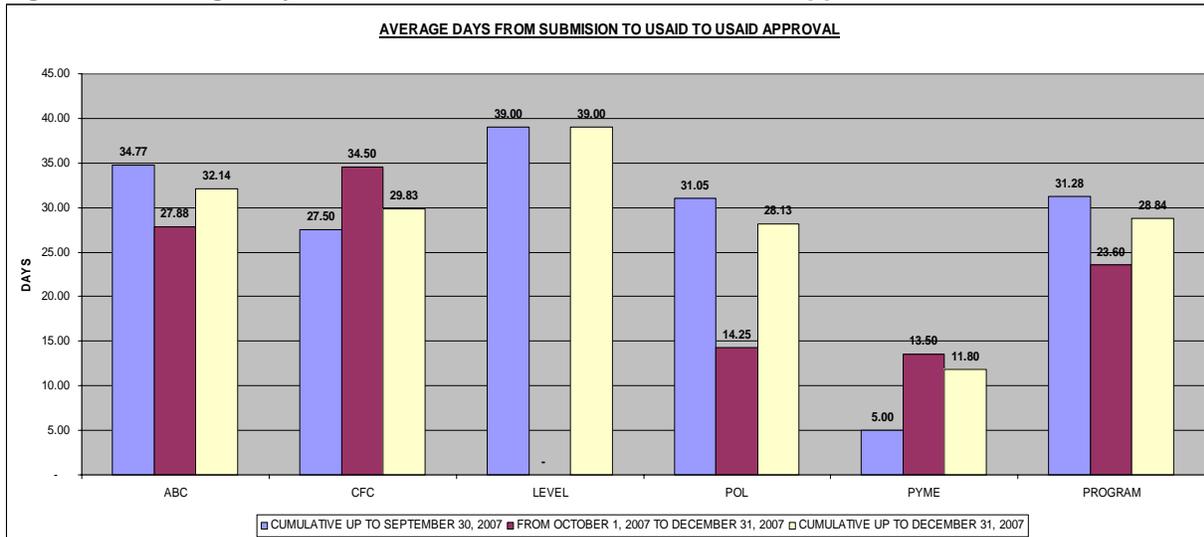
The average number of days between Review Committee approval and submission to USAID increased for the Forestry Component due to the need for a waiver to grant to Mixed Entities for a number of the projects. MIDAS did not submit these projects to USAID until the waiver was approved which impacted the submission timeframe. Once the projects were submitted to USAID they were quickly approved by USAID and signed by the grantees. If these projects were not included in the average for the Forestry Component the average would have been significantly lower. Similarly, the timeframes for ABC and SME were impacted by the time it took the USAID Coffee Committee to approve the coffee projects after they had already been approved by the MIDAS Review Committee. Coffee projects were not submitted for USAID approval until they received Coffee Committee approval, a process which was very time consuming and thus had a significant impact on the overall timeframes for both components.

It is important to note that even though the time frame for the MIDAS award development and submission for USAID approval process increased from 37 days to 57 days, the time required for this process still remains under the terms and conditions proposed by USAID (60 days).

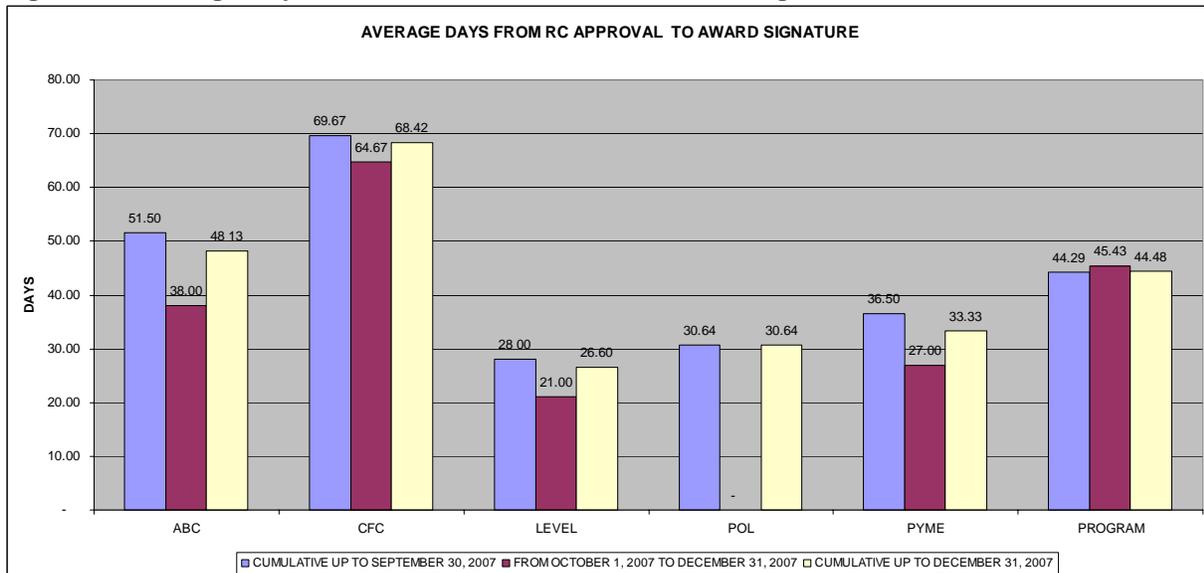
**Figure 10: Average Days from Development Committee Approval to Submission to USAID**



**Figure 11: Average Days from Submission to USAID to USAID Approval**



**Figure 12: Average Days from Review Committee to Award Signature**



### 10.3. OBJECTIVES AND FUTURE ACTIVITIES IN Q2 FY08

In Q2 FY08 the MIDAS C&G Office will focus on evaluating and award the remaining ABC, CFC, and SME projects. The Policy Component Task Orders and IQC extension for TSG will need to be developed and approved as well as other subcontracts needed to help the Policy component meet its targets. The C&G office will subcontract with a firm to prepare the external audits for the Grant Agreement which received and expended US\$300,000 or more during the 2007. The unit will also be closing out grants and contracts which have been completed and continuing to train staff and new grantees on grant procedures and processes.

# ANNEXES

**Annex 1: MIDAS Proposal Status as of December 31, 2007**  
See Attached CD.

## Annex 2: Policy Component Tables

Table 24

| Institution  | Type                  | USD              | Microfinance Program                            |
|--------------|-----------------------|------------------|---|
| MAPFRE       | Insurance company     | 2,000,000        | Microfinance NGOs                               |
| CHF          | NGO                   | 200,000          | Microcredit Program for Afrocolombian in Tumaco |
| BANCOLDEX    | Financial Institution | 25,000           | NGO Merquemos Juntos                            |
| <b>Total</b> |                       | <b>2,225,000</b> |   |

Table 25: MPC 2007 Goals

|   | INDICADOR  | Resultados acumulados/07 | META 2007          | % Cumplimiento Meta |
|---|--|--------------------------|--------------------|---------------------|
| 1 | Nuevas instituciones en el PPMM* (mes)               | 21                       | 11                 | 191%                |
| 2 | Nuevas instituciones en el PPMM (acumulado)          | 26                       | 11                 |                     |
| 3 | Clientes activos                                     | 330,226                  | 100,000            | 330%                |
| 4 | Monto de Créditos desembolsados (mes) <sup>1</sup>   |                          |                    |                     |
| 5 | Monto de Créditos desembolsados (acumulado)          | \$ 344,308,124,960       | \$ 100,000,000,000 | 344%                |
| 6 | No. de Créditos desembolsados (mes)                  |                          |                    |                     |
| 7 | No. de Créditos desembolsados (acumulado)            | 167,138                  |                    |                     |
|   | Monto promedio del crédito                           | \$ 2,060,025             |                    |                     |
| 8 | No. de Cuentas de Ahorro activas                     | \$ 102,368               | 70,000             | 146%                |
| 9 | Corresponsales No Bancarios (acumulado) <sup>2</sup> | 3,436                    | 1,000              | 344%                |
|   | <i>Entidades Plan piloto</i>                         |                          |                    |                     |
|   | Bancolombia  | 58                       |                    |                     |
|   | Banco Agrario  | 49                       |                    |                     |
|   | Banco de Bogotá                                      | 14                       |                    |                     |
|   | BCSC   | 9                        |                    |                     |
|   | HSBC   | 2                        |                    |                     |
|   | <i>Subtotal entidades plan piloto (mes)</i>          | 132                      |                    |                     |
|   | <i>Subtotal entidades plan piloto (acumulado)</i>    | 132                      | 1,000              | 13%                 |
|   | <i>Otras Entidades</i>                               |                          |                    |                     |
|   | Banco Popular  | 17                       |                    |                     |
|   | BBVA   | 18                       |                    |                     |
|   | AV Villas  | 12                       |                    |                     |
|   | Citibank   | 3,251                    |                    |                     |
|   | Banco de Occidente                                   | 6                        |                    |                     |
|   | <i>Subtotal otras entidades (mes)</i>                | 3,304                    |                    |                     |
|   | <i>Subtotal otras entidades (acumulado)</i>          | 3,304                    | 1,000              | 330%                |
|   | <i>Puntos móviles Bancolombia (mes)</i>              |                          |                    |                     |
|   | <i>Puntos móviles Bancolombia (acumulado)</i>        | 240                      |                    |                     |

## Annex 3: Contracts and Grants Approval Process - Time Frame for Projects Requiring USAID Review and Approval

**Table 26**

| TYPE     | COMP  | Contract/Grant Number      | Contractor/Grantee Name  | Development Review Committee Date | USAID Submission date | DAYS FROM RC APPROVAL TO SUBMISSION TO USAID | USAID Approval Date | DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | Beginning Date | DAYS FROM RC OR USAID APPROVAL TO SIGNATURE | TOTAL |
|----------|-------|----------------------------|--|-----------------------------------|-----------------------|--|---------------------|---|----------------|---|-------|
| SG       | ABC   | MIDAS-A-0005-06-G-010      | ASOCATI  | 30-Jun-06                         | 8-Aug-06              | 39   | 24-Oct-06           | 77  | 1-Nov-06       | 8   | 124   |
| SG       | ABC   | MIDAS-A-0002-06-G-009      | PALMARES EL PORTICO Ltda   | 30-Jun-06                         | 25-Aug-06             | 56   | 24-Oct-06           | 60  | 1-Nov-06       | 8   | 124   |
| OS       | LEVEL | MIDAS-FA-0000-06-O-055     | Raul Castro  | 1-Nov-06                          | 15-Nov-06             | 14   | 1-Dec-06            | 16  | 5-Dec-06       | 4   | 34    |
| CONT     | ABC   | MIDAS-A-0001-06-C-054      | SAN PABLO  | 20-Oct-06                         | 27-Nov-06             | 38   | 22-Mar-07           | 115   | 22-Mar-07      | 0   | 153   |
| CONT     | POL   | MIDAS-P-0000-06-C-053      | IICA   | 25-Aug-06                         | 8-Dec-06              | 105  | 24-Apr-07           | 137   | 30-Apr-07      | 6   | 248   |
| SG       | CFC   | MIDAS-F-0007-06-G-032      | MONTEREY FORESTAL LTDA   | 9-Dec-06                          | 14-Dec-06             | 5  | 22-Dec-06           | 8   | 26-Dec-06      | 4   | 17    |
| SG       | CFC   | MIDAS-F-0050-06-G-135      | MADEFLEX S.A.  | 16-Nov-06                         | 21-Feb-07             | 97   | 1-Mar-07            | 8   | 5-Mar-07       | 4   | 109   |
| IQC      | POL   | MIDAS-FEDESARROLLO-001     | FEDESARROLLO   | 15-Feb-07                         | 28-Mar-07             | 41   | 9-Apr-07            | 12  | 10-Apr-07      | 1   | 54    |
| SG       | CFC   | MIDAS-F-0157-06-G-234      | FEDECAFE   | 21-Dec-06                         | 30-Mar-07             | 99   | 16-May-07           | 47  | 16-May-07      | 0   | 146   |
| SG       | ABC   | MIDAS-S-00119-07-G-200     | ECOCACAO   | 12-Mar-07                         | 10-Apr-07             | 29   | 2-May-07            | 22  | 2-May-07       | 0   | 51    |
| SG       | CFC   | MIDAS-F-00148-06-G-224     | MADERAS DEL DARIEN S.A.  | 1-Mar-07                          | 24-Apr-07             | 54   | 30-Apr-07           | 6   | 1-May-07       | 1   | 61    |
| TO       | POL   | MIDAS-FEDESARROLLO-001-001 | FEDESARROLLO   | 20-Apr-07                         | 1-May-07              | 11   | 16-May-07           | 15  | 16-May-07      | 0   | 26    |
| SG       | ABC   | MIDAS-A-00003-06-G-254     | ASOGPADOS  | 30-Mar-07                         | 11-May-07             | 42   | 29-May-07           | 18  | 31-May-07      | 2   | 62    |
| SG       | ABC   | MIDAS-A-00082-06-G-276     | INDUPALMA  | 30-Mar-07                         | 23-May-07             | 54   | 30-May-07           | 7   | 31-May-07      | 1   | 62    |
| SG       | ABC   | MIDAS-A-00004-06-G-255     | ESTAM  | 30-Mar-07                         | 25-May-07             | 56   | 30-May-07           | 5   | 31-May-07      | 1   | 62    |
| IQC      | POL   | MIDAS-UNIANDES-001         | UNIVERSIDAD DE LOS ANDES   | 15-Feb-07                         | 25-May-07             | 99   | 7-Jun-07            | 13  | 8-Jun-07       | 1   | 113   |
| SG       | ABC   | MIDAS-A-00259-06-G-298     | FUNDEPALMA   | 17-May-07                         | 8-Jun-07              | 22   | 18-Jun-07           | 10  | 25-Jun-07      | 7   | 39    |
| CONT     | POL   | MIDAS-P-00594-07-C-318     | CONFECAMARAS   | 16-May-07                         | 14-Jun-07             | 29   | 9-Jul-07            | 25  | 9-Jul-07       | 0   | 54    |
| SG       | ABC   | MIDAS-A-00062-06-G-323     | EXTRACTORA FRUPALMA S.A.   | 17-May-07                         | 27-Jun-07             | 41   | 16-Jul-07           | 19  | 19-Jul-07      | 3   | 63    |
| TO       | POL   | MIDAS-UNIANDES-001-001     | UNIVERSIDAD DE LOS ANDES - CEDE                                    | 8-Jun-07                          | 27-Jun-07             | 19   | 27-Jul-07           | 30  | 30-Jul-07      | 3   | 52    |
| IQC      | LEVEL | MIDAS-CAEMA-001            | CAEMA  | 15-May-07                         | 27-Jun-07             | 43   | 28-Aug-07           | 62  | 1-Sep-07       | 4   | 109   |
| TO - MOD | POL   | MIDAS-TSG-001-084          | TSG - TO Mod No 1  | 21-Jun-07                         | 27-Jun-07             | 6  | 5-Sep-07            | 70  | 8-Sep-07       | 3   | 79    |
| SG       | CFC   | MIDAS-F-00346-06-G-310     | PROCAUCHO S.A.   | 14-May-07                         | 29-Jun-07             | 46   | 18-Jul-07           | 19  | 18-Jul-07      | 0   | 65    |
| TO       | POL   | MIDAS-FEDESARROLLO-001-003 | FEDESARROLLO   | 25-Jun-07                         | 10-Jul-07             | 15   | 27-Jul-07           | 17  | 30-Jul-07      | 3   | 35    |
| TO       | POL   | MIDAS-FEDESARROLLO-001-005 | FEDESARROLLO   | 25-Jun-07                         | 10-Jul-07             | 15   | 27-Jul-07           | 17  | 30-Jul-07      | 3   | 35    |
| SG       | CFC   | MIDAS-F-00121-06-G-311     | AGROSANTAFE S.A.   | 17-May-07                         | 11-Jul-07             | 55   | 6-Sep-07            | 57  | 6-Sep-07       | 0   | 112   |
| CONT     | CFC   | MIDAS-F-00578-07-C-232     | FEDEMADERAS  | 23-Apr-07                         | 11-Jul-07             | 79   | 6-Sep-07            | 57  | 7-Sep-07       | 1   | 137   |
| SG       | ABC   | MIDAS-A-00066-06-G-303     | PALMACEITE S.A.  | 26-Apr-07                         | 13-Jul-07             | 78   | 18-Jul-07           | 5   | 19-Jul-07      | 1   | 84    |
| SG       | ABC   | MIDAS-A-00095-06-G-354     | PALMARIGUANI   | 26-Apr-07                         | 13-Jul-07             | 78   | 5-Sep-07            | 54  | 5-Sep-07       | 0   | 132   |
| TO - MOD | POL   | MIDAS-BearingPoint-001-001 | Bearing Point - TO Mod No 2  | 10-Jul-07                         | 24-Jul-07             | 14   | 5-Sep-07            | 43  | 8-Sep-07       | 3   | 60    |
| MOD      | ABC   | GRA-514-04-025-01          | COMPANIA DE EMPAQUES S.A.  | 28-Jun-07                         | 25-Jul-07             | 27   | 6-Sep-07            | 43  | 6-Sep-07       | 0   | 70    |
| TO       | POL   | MIDAS-FEDESARROLLO-001-004 | FEDESARROLLO   | 25-Jun-07                         | 26-Jul-07             | 31   | 6-Sep-07            | 42  | 8-Sep-07       | 2   | 75    |
| SG       | ABC   | MIDAS-S-00052-06-G-383     | FRUTAS POTOSI Ltda   | 21-Jun-07                         | 3-Aug-07              | 43   | 20-Aug-07           | 17  | 20-Aug-07      | 0   | 60    |
| CONT     | CFC   | MIDAS-F-00018-06-C-235     | UNODC - OFICINA DE LAS NACIONES UNIDAS CONTRA LA DROGA Y EL DELITO | 5-Jul-07                          | 3-Aug-07              | 29   | 21-Aug-07           | 18  | 21-Aug-07      | 0   | 47    |
| TO - MOD | POL   | MIDAS-TSG-001-091          | TSG - TO Mod No 3  | 6-Aug-07                          | 14-Aug-07             | 8  | 5-Sep-07            | 22  | 8-Sep-07       | 3   | 33    |
| SG       | PYME  | MIDAS-S-00628-07-G-338     | CORPORACION ACCION POR ANTIOQUIA-ACTUAR FAMIEMPRESAS               | 5-Jul-07                          | 15-Aug-07             | 41   | 20-Aug-07           | 5   | 22-Aug-07      | 2   | 48    |

|          |      |                         |   |           |           |     |           |    |           |   |            |
|----------|------|-------------------------|---|-----------|-----------|-----|-----------|----|-----------|---|------------|
| TO - MOD | POL  | MIDAS-TSG-001-085       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-086       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-087       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-088       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-089       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-090       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-091       | TSG - TO Mod No 2   | 6-Aug-07  | 15-Aug-07 | 9   | 5-Sep-07  | 21 | 8-Sep-07  | 3 | <b>33</b>  |
| SG       | ABC  | MIDAS-A-00051-06-G-357  | PALMERAS DE LA COSTA S.A.   | 30-Apr-07 | 31-Aug-07 | 123 | 17-Oct-07 | 47 | 17-Oct-07 | 0 | <b>170</b> |
| SG       | CFC  | MIDAS-F-00161-06-G-377  | CORCUENCAS S.A.   | 6-Jun-07  | 12-Sep-07 | 98  | 30-Oct-07 | 48 | 30-Oct-07 | 0 | <b>146</b> |
| SG       | CFC  | MIDAS-F-00337-06-G-378  | EMPRESA FORESTAL DEL HUILA  | 6-Jun-07  | 12-Sep-07 | 98  | 30-Oct-07 | 48 | 30-Oct-07 | 0 | <b>146</b> |
| SG       | ABC  | MIDAS-A-00027-06-G-405  | FEDERACIÓN NACIONAL DE CACAOTEROS - FEDECACAO   | 28-Jun-07 | 14-Sep-07 | 78  | 17-Oct-07 | 33 | 17-Oct-07 | 0 | <b>111</b> |
| MOD      | ABC  | GRA-514-05-001-02       | FEDECACAO   | 28-Jun-07 | 17-Sep-07 | 0   | 18-Oct-07 | 31 | 18-Oct-07 | 0 | <b>31</b>  |
| TO - MOD | POL  | MIDAS-TSG-001-085       | TSG-TO Mod No. 3  | 18-Sep-07 | 20-Sep-07 | 2   | 18-Oct-07 | 28 | 18-Oct-07 | 0 | <b>30</b>  |
| SG       | ABC  | MIDAS-A-00308-06-G-453  | FEDERACIÓN NACIONAL DE CAFETEROS DE COLOMBIA - COMITÉ DEPARTAMENTAL DE CAFETEROS DE RISARALDA                         | 14-Aug-07 | 25-Sep-07 | 42  | 5-Dec-07  | 71 | 5-Dec-07  | 0 | <b>113</b> |
| SG       | PYME | MIDAS-S-00632-07-SG-428 | CORPORACION PARA LA PROMOCIÓN DEL DESARROLLO RURAL Y AGROINDUSTRIAL DEL TOLIMA - PROHACIENDO                          | 13-Jul-07 | 28-Sep-07 | 77  | 16-Oct-07 | 18 | 16-Oct-07 | 0 | <b>95</b>  |
| TO       | POL  | MIDAS-OAS-001-003       | OAS COMPETITIVENESS OUTREACH  | 23-Aug-07 | 5-Oct-07  | 43  | 17-Oct-07 | 12 | 17-Oct-07 | 0 | <b>55</b>  |
| SG       | CFC  | MIDAS-F-00015-06-G-433  | ASOCIACION DE PRODUCTORES AGROFORESTALES - AGROFORESTAL   | 6-Sep-07  | 9-Oct-07  | 33  | 16-Oct-07 | 7  | 16-Oct-07 | 0 | <b>40</b>  |
| SG       | ABC  | MIDAS-A-0089-06-G-465   | FEDERACION NACIONAL DE CACAOTEROS   | 12-Jul-07 | 20-Oct-07 | 100 | 8-Nov-07  | 19 | 13-Nov-07 | 5 | <b>124</b> |
| TO - MOD | POL  | MIDAS-TSG-001-090       | TSG-TO Mod No. 4  | 27-Sep-07 | 24-Oct-07 | 27  | 6-Nov-07  | 13 | 6-Nov-07  | 0 | <b>40</b>  |
| SG       | CFC  | MIDAS-F-00341-06-G-432  | REFORESTADORA ORIENTAL DE COLOMBIA S.A. - REFOCOL   | 7-Sep-07  | 7-Nov-07  | 61  | 12-Dec-07 | 35 | 21-Dec-07 | 9 | <b>105</b> |
| SG       | PYME | MIDAS-S-00642-07-G-469  | PRECOOPERATIVA PARA LA COMERCIALIZACIÓN, IMPORTACIÓN Y EXPORTACIÓN DE PRODUCTOS AGRÍCOLAS Ltda. - COFFEE COMPANY Ltda | 31-Jul-07 | 20-Nov-07 | 112 | 30-Nov-07 | 10 | 30-Nov-07 | 0 | <b>122</b> |
| SG       | PYME | MIDAS-S-00713-07-G-509  | FEDERACIÓN NACIONAL DE CAFETEROS DE COLOMBIA - COMITÉ DEPARTAMENTAL DE CAFETEROS DE NARIÑO Y CAUCA                    | 27-Aug-07 | 20-Nov-07 | 85  | 30-Nov-07 | 10 | 30-Nov-07 | 0 | <b>95</b>  |
| SG       | ABC  | MIDAS-A-00291-06-G-508  | FEDECACAO   | 31-Oct-07 | 26-Nov-07 | 26  | 30-Nov-07 | 4  | 30-Nov-07 | 0 | <b>30</b>  |
| CONT     | POL  | MIDAS-P-00919-07-C-531  | IQUARTIL LTDA   | 9-Oct-07  | 26-Nov-07 | 48  | 30-Nov-07 | 4  | 3-Dec-07  | 3 | <b>55</b>  |
| SG       | PYME | MIDAS-S-00916-07-G-552  | FEDERACION NACIONAL DE CAFETEROS  | 28-Nov-07 | 5-Dec-07  | 7   | 21-Dec-07 | 16 | 26-Dec-07 | 5 | <b>28</b>  |
| SG       | ABC  | MIDAS-A-00114-06-G-507  | FUNDACIÓN DARIA MAYA BOTERO   | 31-Oct-07 | 5-Dec-07  | 35  | 20-Dec-07 | 15 | 28-Dec-07 | 8 | <b>58</b>  |
| SG       | ABC  | MIDAS-A-00061-06-G-559  | FEDERACIÓN NACIONAL DE CAFETEROS  | 17-Oct-07 | 18-Dec-07 | 62  | 21-Dec-07 | 3  | 26-Dec-07 | 5 | <b>70</b>  |

## Annex 4: Contracts and Grants Approval Process - Time Frame Statistics for Projects Requiring USAID Review and Approval

Table 27

CUMULATIVE UP TO SEPTEMBER 30, 2007

| TYPE  | Datos   | COMP  |      |       |      |      | Total general |
|---|---|-------|------|-------|------|------|---------------|
|   |   | ABC   | CFC  | LEVEL | POL  | PYME |               |
| CONT  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 38.0  | 54.0 |       | 67.0 |      | 56.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 115.0 | 37.5 |       | 81.0 |      | 70.4          |
| IQC   | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      | 43.0  | 70.0 |      | 61.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      | 62.0  | 12.5 |      | 29.0          |
| MOD   | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 27.0  |      |       |      |      | 27.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 43.0  |      |       |      |      | 43.0          |
| OS  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      | 14.0  |      |      | 14.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      | 16.0  |      |      | 16.0          |
| SG  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 48.9  | 59.3 |       |      | 41.0 | 51.9          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 26.7  | 24.2 |       |      | 5.0  | 24.7          |
| TO  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      |       | 18.2 |      | 18.2          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      |       | 24.2 |      | 24.2          |
| TO - MOD  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      |       | 9.1  |      | 9.1           |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      |       | 28.2 |      | 28.2          |
| TOTAL AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |   | 46.4  | 58.0 | 28.5  | 24.0 | 41.0 | 37.7          |
| TOTAL AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |   | 34.8  | 27.5 | 39.0  | 31.1 | 5.0  | 31.3          |

Table 28

FROM OCTOBER 1, 2007 TO DECEMBER 31, 2007

| TYPE | Datos   | COMP |     |      |      |  | Total general |
|------|---|------|-----|------|------|--|---------------|
|      |   | ABC  | CFC | POL  | PYME |  |               |
| CONT | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |      |     | 48.0 |      |  | 48.0          |
|      | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |      |     | 4.0  |      |  | 4.0           |
| MOD  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | -    |     |      |      |  | -             |

|   |   |      |      |      |      |      |
|---|---|------|------|------|------|------|
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 31.0 |      |      |      | 31.0 |
| SG  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 66.6 | 72.5 | 70.3 |      | 69.1 |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 27.4 | 34.5 | 13.5 |      | 25.6 |
| TO  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |      |      | 43.0 |      | 43.0 |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |      |      | 12.0 |      | 12.0 |
| TO – MOD  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |      |      | 14.5 |      | 14.5 |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |      |      | 20.5 |      | 20.5 |
| TOTAL AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |   | 58.3 | 72.5 | 30.0 | 70.3 | 57.9 |
| TOTAL AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |   | 27.9 | 34.5 | 14.3 | 13.5 | 23.6 |

**Table 29**

**CUMULATIVE UP TO DECEMBER 31, 2007**

| TYPE  | Datos   | COMP  |      |       |      |      | Total general |
|---|---|-------|------|-------|------|------|---------------|
|   |   | ABC   | CFC  | LEVEL | POL  | PYME |               |
| CONT  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 38.0  | 54.0 |       | 60.7 |      | 54.7          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 115.0 | 37.5 |       | 55.3 |      | 59.3          |
| IQC   | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      | 43.0  | 70.0 |      | 61.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      | 62.0  | 12.5 |      | 29.0          |
| MOD   | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 13.5  |      |       |      |      | 13.5          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 37.0  |      |       |      |      | 37.0          |
| OS  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      | 14.0  |      |      | 14.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      | 16.0  |      |      | 16.0          |
| SG  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    | 55.8  | 64.6 |       |      | 64.4 | 59.8          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | 27.0  | 28.3 |       |      | 11.8 | 25.1          |
| TO  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      |       | 22.3 |      | 22.3          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      |       | 22.2 |      | 22.2          |
| TO - MOD  | AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |       |      |       | 10.0 |      | 10.0          |
|   | AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |       |      |       | 26.9 |      | 26.9          |
| TOTAL AVERAGE DAYS FROM RC APPROVAL TO SUBMISSION TO USAID    |   | 50.9  | 62.8 | 28.5  | 25.0 | 64.4 | 44.1          |
| TOTAL AVERAGE DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL |   | 32.1  | 29.8 | 39.0  | 28.1 | 11.8 | 28.8          |

## Annex 5: Contracts and Grants Approval Process - Time Frame for Projects Not Requiring USAID Approval

**Table 30**

| TYPE     | COMP  | Contract/Grant Number  | Contractor/Grantee Name                | Development Review Committee Date | USAID Submission date | DAYS FROM RC APPROVAL TO SUBMISSION TO USAID | USAID Approval Date | DAYS FROM SUBMISSION TO USAID TO USAID APPROVAL | Beginning Date | DAYS FROM RC OR USAID APPROVAL TO SIGNATURE | TOTAL |
|----------|-------|------------------------|--|-----------------------------------|-----------------------|--|---------------------|---|----------------|---|-------|
| FOG      | CFC   | MIDAS-F-0022-06-G-008  | NUANAMO                                | 8-Jun-06                          | NA                    | 0  | NA                  | 0   | 17-Jul-06      | 39  | 39    |
| FOG      | CFC   | MIDAS-F-0012-06-G-007  | BAJO MIRA                              | 8-Jun-06                          | NA                    | 0  | NA                  | 0   | 17-Jul-06      | 39  | 39    |
| CONT     | ABC   | MIDAS-A-0000-06-C-013  | FEDECACAO                              | 13-Jul-06                         | NA                    | 0  | NA                  | 0   | 1-Aug-06       | 19  | 19    |
| CONT     | CFC   | MIDAS-F-0008-06-C-002  | LA GIRONDA                             | 8-Jun-06                          | NA                    | 0  | NA                  | 0   | 8-Aug-06       | 61  | 61    |
| CONT     | CFC   | MIDAS-F-0009-06-C-003  | EL INDIO                               | 8-Jun-06                          | NA                    | 0  | NA                  | 0   | 8-Aug-06       | 61  | 61    |
| CONT     | POL   | MIDAS-P-0000-06-C-038  | ANDI                                   | 24-Aug-06                         | NA                    | 0  | NA                  | 0   | 28-Sep-06      | 35  | 35    |
| CONT     | POL   | MIDAS-P-0000-06-C-052  | CCI                                    | 25-Aug-06                         | NA                    | 0  | NA                  | 0   | 30-Nov-06      | 97  | 97    |
| SG       | CFC   | MIDAS-F-0136-06-G-056  | NUANAMO                                | 1-Nov-06                          | NA                    | 0  | NA                  | 0   | 1-Dec-06       | 30  | 30    |
| CONT     | POL   | MIDAS-P-0000-06-C-120  | UNIANDES - CEDE                        | 30-Oct-06                         | NA                    | 0  | NA                  | 0   | 4-Dec-06       | 35  | 35    |
| CONT     | PYME  | MIDAS-S-0152-06-C-051  | UNIVERSIDAD AUTONOMA DE OCCIDENTE      | 9-Oct-06                          | NA                    | 0  | NA                  | 0   | 7-Dec-06       | 59  | 59    |
| CONT     | POL   | MIDAS-P-0000-06-C-128  | UNIANDES - CIJUS                       | 30-Oct-06                         | NA                    | 0  | NA                  | 0   | 20-Dec-06      | 51  | 51    |
| SG       | CFC   | MIDAS-CF-0028-06-G-139 | ASOFORESCOM                            | 1-Nov-06                          | NA                    | 0  | NA                  | 0   | 26-Jan-07      | 86  | 86    |
| SG       | CFC   | MIDAS-F-0036-06-G-017  | COIGEMARENA                            | 16-Nov-06                         | NA                    | 0  | NA                  | 0   | 26-Jan-07      | 71  | 71    |
| CONT     | POL   | MIDAS-P-00361-07-C-147 | ECONOMETRIA                            | 27-Nov-06                         | NA                    | 0  | NA                  | 0   | 5-Feb-07       | 70  | 70    |
| SG       | CFC   | MIDAS-CF-0039-06-G-140 | MADERAS ALTO GUAPI E.U.                | 1-Nov-06                          | NA                    | 0  | NA                  | 0   | 9-Feb-07       | 100   | 100   |
| CONT     | PYME  | MIDAS-S-00418-07-C-167 | EPOPEYA Ltda.                          | 14-Feb-07                         | NA                    | 0  | NA                  | 0   | 28-Feb-07      | 14  | 14    |
| CONT     | ABC   | MIDAS-A-00417-07-C-165 | CAEMA                                  | 30-Oct-06                         | NA                    | 0  | NA                  | 0   | 1-Mar-07       | 122   | 122   |
| BPA      | LEVEL | MIDAS-L-00000-07-C-169 | LA IMPRENTA EDITORES SA                | 1-Feb-07                          | NA                    | 0  | NA                  | 0   | 1-Mar-07       | 28  | 28    |
| BPA      | LEVEL | MIDAS-L-00000-07-C-170 | CI GRAFICAS COLORAMA                   | 1-Feb-07                          | NA                    | 0  | NA                  | 0   | 1-Mar-07       | 28  | 28    |
| BPA      | LEVEL | MIDAS-L-00000-07-C-180 | MARCO FIDEL ROBAYO MOYA                | 1-Feb-07                          | NA                    | 0  | NA                  | 0   | 1-Mar-07       | 28  | 28    |
| BPA      | LEVEL | MIDAS-L-00000-07-C-181 | CARMEN YANETH PIEDRAHITA POSADA        | 1-Feb-07                          | NA                    | 0  | NA                  | 0   | 1-Mar-07       | 28  | 28    |
| CONT     | POL   | MIDAS-P-00000-07-C-182 | RESEARCH AND OPPORTUNITIES             | 7-Mar-07                          | NA                    | 0  | NA                  | 0   | 7-Mar-07       | 0   | 0     |
| CONT     | POL   | MIDAS-P-00419-07-C-210 | CAVELIER ABOGADOS                      | 13-Feb-07                         | NA                    | 0  | NA                  | 0   | 29-Mar-07      | 44  | 44    |
| CONT     | CFC   | MIDAS-F-0011-06-C-138  | ECONAT LTDA                            | 20-Nov-06                         | NA                    | 0  | NA                  | 0   | 9-Apr-07       | 140   | 140   |
| SG       | ABC   | MIDAS-A-00026-06-G-199 | CEA                                    | 12-Mar-07                         | NA                    | 0  | NA                  | 0   | 10-Apr-07      | 29  | 29    |
| CONT     | POL   | MIDAS-P-00498-07-C-233 | PRICE WATERHOUSE COOPERS               | 14-Mar-07                         | NA                    | 0  | NA                  | 0   | 18-Apr-07      | 35  | 35    |
| SG       | ABC   | MIDAS-A-00079-06-G-325 | C.I. EL ROBLE S.A.                     | 26-Apr-07                         | NA                    | 0  | NA                  | 0   | 30-Jun-07      | 65  | 65    |
| CONT     | POL   | MIDAS-P-00679-07-C-376 | CRITERIA RESEARCH LTDA                 | 10-Jul-07                         | NA                    | 0  | NA                  | 0   | 18-Jul-07      | 8   | 8     |
| TO       | POL   | MIDAS-UNIANDES-001-002 | UNIVERSIDAD DE LOS ANDES - CEDE        | 20-Aug-07                         | NA                    | 0  | NA                  | 0   | 21-Aug-07      | 0   | 0     |
| TO       | POL   | MIDAS-UNIANDES-001-003 | UNIVERSIDAD DE LOS ANDES - CEDE        | 20-Aug-07                         | NA                    | 0  | NA                  | 0   | 27-Aug-07      | 6   | 6     |
| TO       | POL   | MIDAS-UNIANDES-001-004 | UNIVERSIDAD DE LOS ANDES - CEDE        | 28-Aug-07                         | NA                    | 0  | NA                  | 0   | 29-Aug-07      | 1   | 1     |
| CONT     | ABC   | MIDAS-A-00783-07-C-434 | EMEL COTES GOMEZ                       | 10-Sep-07                         | NA                    | 0  | NA                  | 0   | 15-Sep-07      | 5   | 5     |
| SG       | ABC   | MIDAS-A-00106-06-G-439 | GRASAS Y DERIVADOS S.A. - GRADESA S.A. | 10-Jul-07                         | NA                    | 0  | NA                  | 0   | 17-Sep-07      | 69  | 69    |
| TO - MOD | POL   | MIDAS-TSG-001-087      | TSG - TO Mod No 3                      | 7-Sep-07                          | NA                    | 0  | NA                  | 0   | 26-Sep-07      | 19  | 19    |
| TO - MOD | POL   | MIDAS-TSG-001-086      | TSG - TO Mod No 3                      | 29-Aug-07                         | NA                    | 0  | NA                  | 0   | 26-Sep-07      | 28  | 28    |
| SG       | ABC   | MIDAS-A-00249-06-G-496 | HUGO RESTREPO Y CIA                    | 14-Aug-07                         | NA                    | 0  | NA                  | 0   | 22-Oct-07      | 69  | 69    |
| CONT     | CFC   | MIDAS-F-0393-06-C-466  | UNIVERSIDAD TECNOLOGICA DE PEREIRA     | 6-Sep-07                          | NA                    | 0  | NA                  | 0   | 26-Oct-07      | 50  | 50    |
| CONT     | ABC   | MIDAS-A-00853-07-C-500 | FERNANDO BAGES MORA                    | 22-Oct-07                         | NA                    | 0  | NA                  | 0   | 29-Oct-07      | 7   | 7     |
| CONT     | PYME  | MIDAS-S-00910-07-C-516 | CENTRO NACIONAL DE CONSULTORIA LTDA    | 19-Oct-07                         | NA                    | 0  | NA                  | 0   | 15-Nov-07      | 27  | 27    |
| BPA      | LEVEL | MIDAS-L-00927-07-C-551 | JAIRO CLAVIJO                          | 13-Nov-07                         | NA                    | 0  | NA                  | 0   | 4-Dec-07       | 21  | 21    |

|     |     |                        |  |           |    |   |    |   |           |     |     |
|-----|-----|------------------------|--|-----------|----|---|----|---|-----------|-----|-----|
| SG  | CFC | MIDAS-F-00041-06-G-532 | CORPORACION ALDEA GLOBAL                       | 15-Nov-07 | NA | 0 | NA | 0 | 21-Dec-07 | 36  | 36  |
| FOG | CFC | MIDAS-F-00366-G-06-505 | FUNDACIÓN COLOMBIANA PARA LA FARMACIA NATURAL. | 11-Sep-07 | NA | 0 | NA | 0 | 28-Dec-07 | 108 | 108 |

## Annex 6: Contracts and Grants Approval Process - Time Frame Statistics for Projects Not Requiring USAID Approval

**Table 31**

| CUMULATIVE UP TO SEPTEMBER 30, 2007                 |      |      |       |      |      |               |
|---|------|------|-------|------|------|---------------|
| AVERAGE DAYS FROM RC OR USAID APPROVAL TO SIGNATURE | COMP |      |       |      |      |               |
| TYPE  | ABC  | CFC  | LEVEL | POL  | PYME | Total general |
| BPA   |      |      | 28.0  |      |      | 28.0          |
| CONT  | 48.7 | 87.3 |       | 41.7 | 36.5 | 50.4          |
| FOG   |      | 39.0 |       |      |      | 39.0          |
| SG  | 54.3 | 71.8 |       |      |      | 64.3          |
| TO  |      |      |       | 2.3  |      | 2.3           |
| TO – MOD  |      |      |       | 23.5 |      | 23.5          |
| TOTAL   | 51.5 | 69.7 | 28.0  | 30.6 | 36.5 | 44.3          |

**Table 32**

| FROM OCTOBER 1, 2007 TO DECEMBER 31, 2007 |      |       |       |      |               |
|---|------|-------|-------|------|---------------|
| TOTAL AVERAGE                             | COMP |       |       |      |               |
| TYPE                                      | ABC  | CFC   | LEVEL | PYME | Total general |
| BPA                                       |      |       | 21.0  |      | 21.0          |
| CONT                                      | 7.0  | 50.0  |       | 27.0 | 28.0          |
| FOG                                       |      | 108.0 |       |      | 108.0         |
| SG  | 69.0 | 36.0  |       |      | 52.5          |
| TOTAL                                     | 38.0 | 64.7  | 21.0  | 27.0 | 45.4          |

**Table 33**

| CUMULATIVE UP TO DECEMBER 31, 2007 |      |      |       |      |      |               |
|------------------------------------|------|------|-------|------|------|---------------|
| TOTAL AVERAGE                      | COMP |      |       |      |      |               |
| TYPE                               | ABC  | CFC  | LEVEL | POL  | PYME | Total general |
| BPA                                |      |      | 26.6  |      |      | 26.6          |
| CONT                               | 38.3 | 78.0 |       | 41.7 | 33.3 | 47.0          |
| FOG                                |      | 62.0 |       |      |      | 62.0          |
| SG                                 | 58.0 | 64.6 |       |      |      | 61.7          |
| TO                                 |      |      |       | 2.3  |      | 2.3           |
| TO – MOD                           |      |      |       | 23.5 |      | 23.5          |
| TOTAL                              | 48.1 | 68.4 | 26.6  | 30.6 | 33.3 | 44.5          |





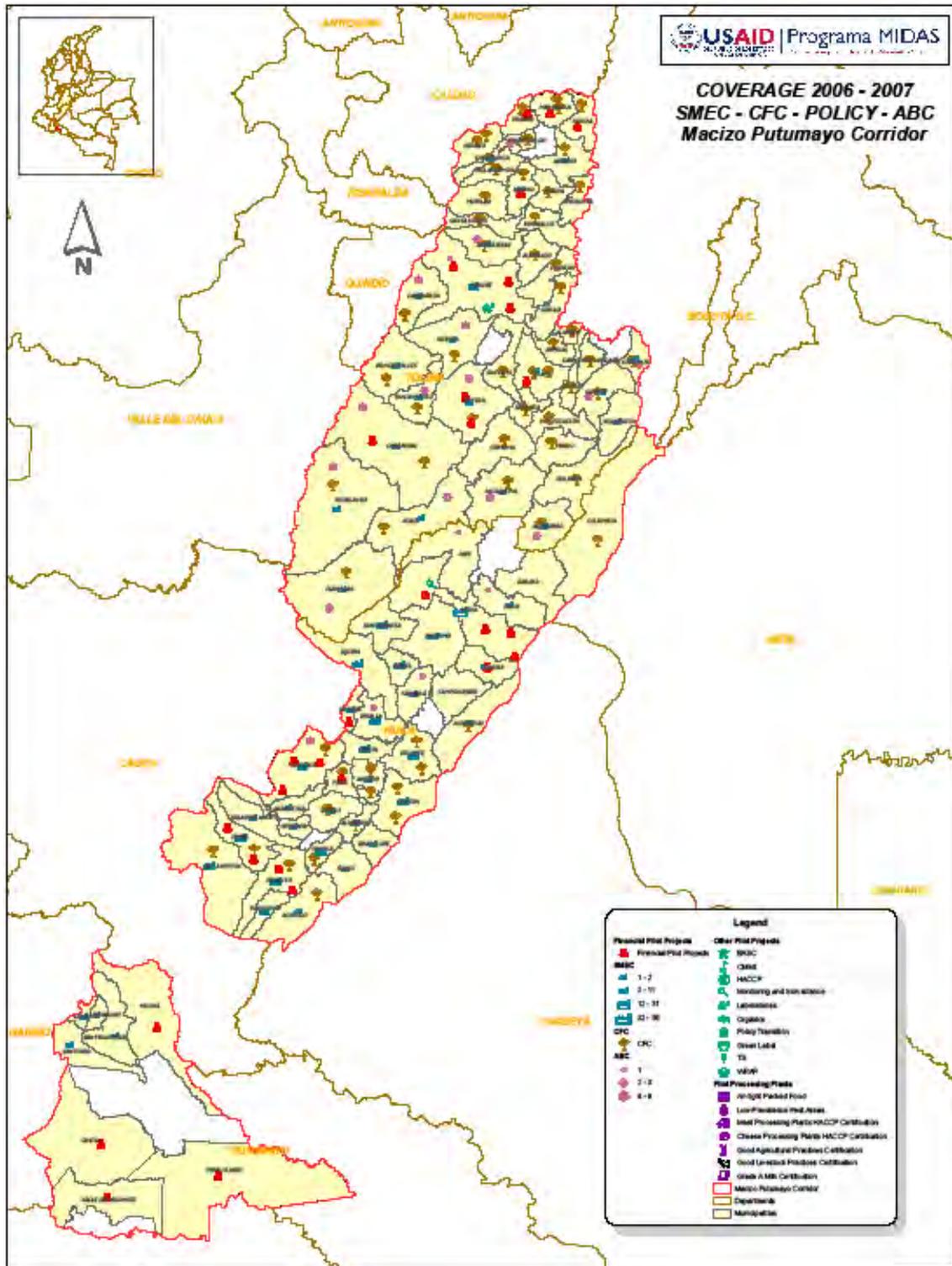






**Macizo Putumayo Corridor**

**Figure 18**



Note: Usually Mission address is listed below. This is the generic USAID address.

**U.S. Agency for International Development**

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

**[www.usaid.gov](http://www.usaid.gov)**