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Colombia Enterprise Development Program

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INTRODUCTION AND BACKGROUND

BACKGROUND

USAID's alternative development program seeks to increase legal economic activity and create employment opportunities in order to support Plan Colombia's drug eradication efforts and disarmament of illegal armed groups. In this context, the Colombian Enterprise Development (CED) Program was designed. Through the CED Program, the USAID Colombia Mission developed a systematic, cohesive, and geographically focused action plan that relied on private sector participation and increased Colombian ownership and commitment to resolve the most critical issues threatening political stability in Colombia. With the goal of improving SME competitiveness and generating sustainable employment, CARANA Corporation implemented the CED Program, which began in August 2003 and ended in September 2006.

At least 75 percent of the Colombian population lives in cities throughout the country. This figure has been and will continue to be exacerbated by a continuing flow of people displaced by violence in the countryside. At the same time, of 11.5 million people of working age, approximately 1.5 million are unemployed; giving Colombia one of the highest unemployment rates in South America. These individuals, many of who are young people and largely resident in urban areas, are prime candidates for recruitment into the drug trade or militant groups. It was therefore deemed essential by USAID to develop a program geared to generating employment among the urban unemployed, with a particular emphasis on youth in secondary cities adjacent to illicit cultivation.

In light of the importance of SMEs to the Colombian economy, its growth prospects, and its dearth of commercial, operational and financial management know-how, USAID's CED strategy focused on strengthening the SME segment to generate employment. During implementation, the CED Program expanded its mandate to include large groups of micro enterprises through its anchor and cluster projects. Currently, micro, small, and medium enterprises account for 37 percent of GDP, and 63 percent of total employment, and are considered the most promising in terms of generating employment in urban areas. There are approximately 760,000 micro, small and medium enterprises in Colombia—the majority of which are located in Bogotá (59 percent). However, given its mandate to work in urban areas adjacent to illicit crop production, the Program did not operate in Bogotá. Other urban areas with large concentrations of SMEs include Medellín (12 percent), Cali (11 percent), Barranquilla (4 percent) and Bucaramanga (2 percent), where the CED Program was active.

OBJECTIVES

The overarching objectives of the CED Program were to (1) improve the competitiveness of participant SMEs; (2) generate sustainable employment, and (3) create a market for SME consulting services. Specifically, USAID set forth the following quantitative goals:

- Generate 8,000 jobs in Colombian secondary cities
- Increase sales of SMEs by 30 percent on average
- Obtain \$24 million in credit for participating SMEs
- Assist at least 800 SMEs with business development services

Program results are discussed in chapter four.

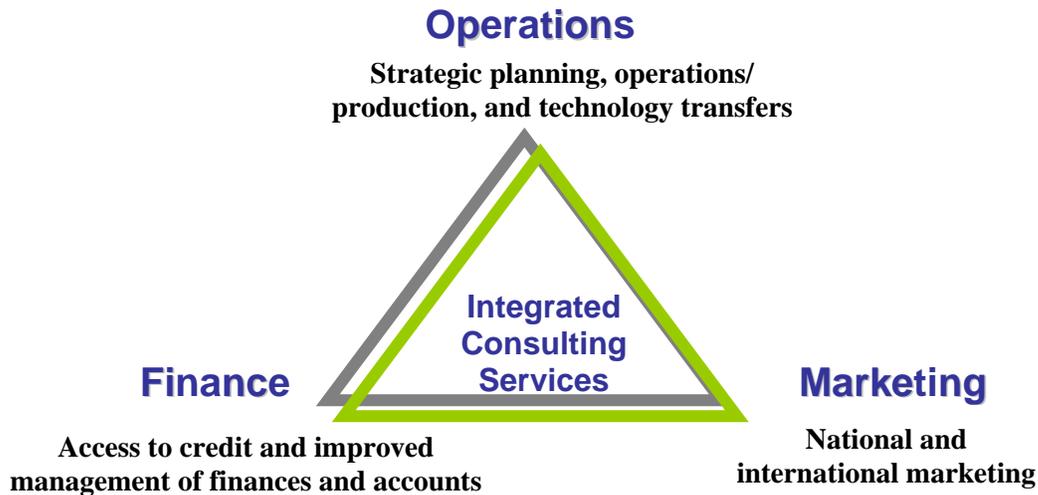
STRUCTURE AND ORGANIZATION

Structure

In order to achieve the results required by USAID, especially in the area of job creation, it was considered essential by CARANA to structure a program incorporating the following key elements:

- An integrated approach to providing SME consulting services, which covers all major components of the enterprise (from marketing to production to finance).
- A flexible, case by case, approach to each SME project; one which involves the tailoring of each consultancy to achieve the vision of the SME owners.
- A network of partnerships and strategic alliances in order to leverage CED Program resources and ensure sustainability of Program results.
- A focus on established, reputable and creditworthy SMEs in regions and sectors with comparative advantage and reasonable growth prospects.
- A commitment to results by all parties involved—business owners, operators, consultants, bankers, and staff.

The CED Program sought to promote business development by integrating the three components of enterprise organization: finance, marketing, and operations.



Each component worked systematically with a core group of relevant and qualified local partners toward the achievement of its own and the CED Program’s major objectives. For example, CED Consulting worked with a score of business development service providers, including Chambers of Commerce, consulting firms, and individual consultants, while CED Finance worked with banks and other financial institutions. The Program worked with a pool of over 500 pre-qualified national and regional consultants; 14 anchor or large companies and 29 industry clusters, 12 major financial institutions, and 20 consulting firms, as well as several public sector and other specialized entities, BDS providers, and trade associations at both the national and regional levels in its areas of geographic focus. Following is a complete list of partners and affiliated institutions.

List of Partners and Affiliated Institutions

OPERATORS (BDS PROVIDERS)

1. Chamber of Commerce of Armenia
2. Chamber of Commerce of Pereira
3. Chamber of Commerce of Manizales
4. Chamber of Commerce of Dosquebradas
5. Chamber of Commerce of Barranquilla
6. Chamber of Commerce of Ibagué
7. Chamber of Commerce of Medellín
8. Chamber of Commerce of Bucaramanga
9. Centro Nacional de Productividad (Cali)

ANCHOR COMPANIES

In sectors such as:

1. Apparel manufacturing
2. Social benefit entities
3. Cement manufacturing
4. Food
5. Healthcare
6. Commercialization of Pharmaceuticals
7. Printing
8. Software
9. Manufacturing of auto parts
10. Production of organic bananas
11. Wholesale of diverse products

FINANCIAL INSTITUTIONS

1. Banco de Colombia
2. Banco Ganadero
3. Banco de Bogotá
4. Banco Caja Social
5. Banco de Occidente
6. Mega Banco
7. Banco Unión Colombiano
8. Banco Popular
9. Coltefinanciera
10. Bancoldex
11. Fondo Nacional de Garantías
12. Fondos Regionales de Garantías

CONSULTING FIRMS (BDS Providers)

1. Alfredo & CIA Consultores Ltda.
2. Centro Logístico y de Negocios de Cartagena
3. Centro de Ingeniería de Proyectos
4. Cinset
5. Consultores Bogotá
6. Corporación Industrial Confecciones Minuto de Dios
7. Estudios Emprerariales Ltda. Antioquia
8. Fundes
9. Icontec
10. Knowledge Management Consultores
11. Mejía Consultores y Asesores Limitada
12. Nest
13. Pérez & Asociados
14. Piénsalo Colombia
15. Productiva de Colombia LTDA
16. Torres Nieto Asociados
17. Universidad Pontificia Bolivariana
18. Universidad Católica de Pereira
19. Visión Consultoría Empresarial y Económica
20. Ynga Negociación Estratégica

TRADE ASSOCIATIONS

1. Acopi
2. Acolfa
3. Acoplásticos
4. Asicam
5. American Chamber of Commerce
6. Asobancaria
7. Asconfecciones
8. Centro Internacional del Mueble
9. Confecámaras
10. Inexmoda

GOVERNMENT ENTITIES

1. Ministry of Trade, Industry and
Tourism
2. Proexport
3. Expopyme
4. Sena
5. Superintendencia Bancaria
(Superintendency of Banks)
6. Superintendencia de Valores
(Superintendency of Securities)
7. Municipal and Local Government
Authorities

The preceding structure and activity intended to utilize and leverage Colombian professional resources and capacities to the maximum extent feasible at both the national and regional levels, in such a way as to enhance and further develop such capacities.

The CED Program operated through nine regional operators in six regions of the country:

Region	Operators
Atlantic Coast	Chamber of Commerce of Barranquilla
Antioquia	Chamber of Commerce of Medellin
Coffee Axis	Chambers of Commerce of Pereira, Dosquebradas, Manizales and Armenia
Valle del Cauca	Centro Nacional de Productividad (CNP)
Santander	Chamber of Commerce of Bucaramanga
Tolima	Chamber of Commerce of Ibague

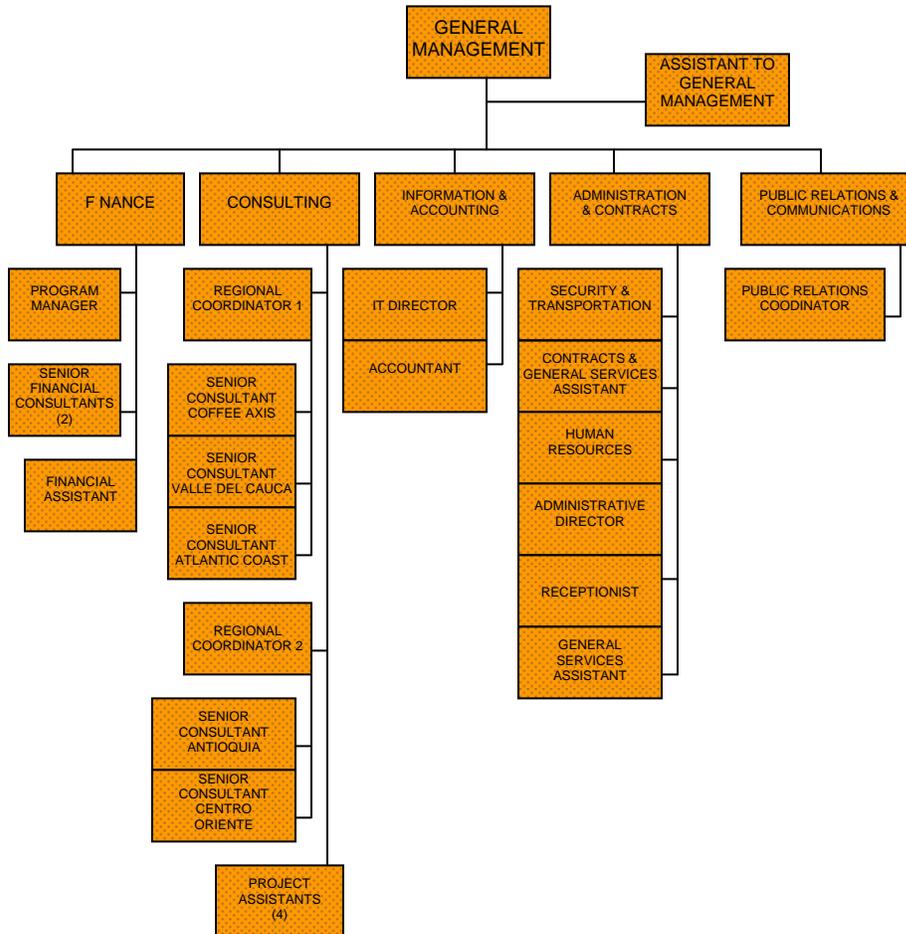
With direction from CED Program staff, these operators engaged in promotion, identification and structuring of SME expansion projects, selection of consultants and monitoring and control of projects during execution. They received 15 percent of the total project costs in order to perform these functions.

The Program's impact reached the following areas:



Organization

The processes and functions carried out by the CED-USAID Program were organized into five internal management divisions. During the most intense period of project generation and execution nationwide, when the Program was at its peak, 31 professionals were under contract. The Program's general organization chart is presented below:



METHODOLOGIES

In this chapter we discuss each phase of the CED Program and the methodologies used to carry out the Program. The Program was developed in three distinct phases: preoperative, operative and post-operative.

THE PREOPERATIVE PHASE

The preoperative phase of the Program took place between August 2003 and March 2004 and included four critical steps:

Selection and Contracting of Operators

An initial plan to define the technical assistance arrangements for the CED Program was drawn up in accordance with the original terms of reference and the proposal presented by CARANA. It was decided to conduct a survey of the areas in which the Program was to be implemented as a first step in the design of the operation. For two months, the heads of the CED Program visited the following regions of Colombia: the Atlantic Coast, Antioquia, Valle del Cauca, Western Colombia, the Coffee Axis, Huila, Tolima, and Eastern Colombia. As stipulated by USAID, the project was not implemented in the city or metropolitan area of Bogotá.

The goals of this survey were as follows:

- To identify and characterize the business dynamics of each region;
- To identify the Program's potential allies in each region;
- To identify supply and demand for consulting services and technical assistance in each area;
- To define the expected impact in each area;
- To find out about experiences with similar programs;
- To identify the different regions' business and trade practices so as to determine the management and operations systems that best respond to the needs of SMEs in Colombia;
- To identify and characterize the lines of credit available to Colombian SMEs.

Nine large Colombian cities were visited during this phase, and working meetings were held with 120 entities that provide support services for the Colombian SME sector, as well as with 27 financial entities and 22 SMEs.

From the information gathered during these working meetings, it became clear that a key factor for success would be to establish operating agreements with regional entities. This would enable the Program to take advantage of the networks these entities had already set up, as well as their knowledge of the SMEs in each region. The following factors were taken into account when selecting the regional entities with which to establish operating agreements:

- The entity's technical capacity to identify, formulate, and develop business expansion projects;
- The organization's structural capacity to handle the implementation and management of the CED Program;
- Experience managing similar projects;
- The entity's financial capacity;
- The entity's reputation among the business community;
- The database the entity had on SMEs.

After assessing the 120 entities visited, it was decided to appoint eight Chambers of Commerce and the Centro Nacional de Productividad of Cali as program operators. The operators were asked to fill out a registration form and to sign a framework document, called the IQC, which formalized the relationship between the operator and the CED Program. This document stipulated the limits for the financing to be granted in each region, as well as the percentage the operator would receive for performing its functions as such. The IQC also specified the legal terms of the operations agreement.

The operators were assigned the following functions:

- Promote the CED Program in the region;
- Identify potential SMEs;
- Visit, evaluate and classify enterprises;
- Define the profiles of the expansion projects together with the SME owners;
- Support the SME owners in their selection of consultants from the database approved by CARANA;
- Formulate expansion projects;
- Submit the formulated projects to CARANA;
- Legalize the consulting contracts corresponding to each project;
- Monitor and control the execution of the approved projects;
- Set up an independent bank account for handling Program resources.

Selection of Consultants

The records and results of previous projects were analyzed to determine the best procedure for recruiting, selecting, and training the consultants that would participate in the project, bearing in mind the specific needs detected among Colombian SMEs.

Selection Criterion / Points		1	2	3	4	5
1	Professional training	Completed and certified undergraduate studies	Expert in chosen consulting area	Holds more than one specialization in his/her area of consultancy	Expert with a completed and certified MBA	Expert with completed and certified MBA and Ph.D
2	Professional experience	Over five years in his/her professional field	Over ten years in his/her professional field	Over eight years in his/her area of academic specialization	Over ten years in the subject of his/her master's degree	Over five years in the field of his/her Ph.D
3	Experience as a consultant	Over five years in his/her area of expertise	Over ten years in his/her area of expertise	Over eight years in his/her master's degree field	Over twelve years in his/her master's degree field	Over ten years in the field of his/her Ph.D
4	Specific consulting services provided in the past year	At least five in his/her area of expertise	At least eight in his/her area of expertise	At least twelve in his/her area of expertise	At least fifteen in his/her area of expertise	Over fifteen in his/her area of expertise
5	Type of enterprises served	No experience with SMEs	Experience with SMEs is less than 10% in the last year	Relevant experience is with small enterprises	Relevant experience is with medium enterprises	All experience is with SMEs
6	Fees	Fees charged are historically far below the value of the consulting service provided	Fees charged are historically far above the value of the service provided	Fees charged are historically in accordance with the services provided, but the value of the services is far below the market level	Fees charged are historically in accordance with the services provided, but the value of the services is far above the market level	Fees charged are in keeping with market rates and the historical value of the consultant's services
7	Success rate	Success rate is less than 70% according to the operator's assessment of the results obtained in related studies	Success rate is less than 80% according to the operator's assessment of the results obtained in related studies	Success rate is over 90% according to the operator's assessment of the results obtained in related studies	Success rate is over 95% according to the operator's assessment of the results obtained in related studies	Success rate is 100% according to the operator's assessment of the results obtained in related studies

Training of Operators and Consultants

The operators received training during the launch phase in the city of Bogotá. This training focused on the processes and procedures the CED Program would use. The consultants in each city also received training during this period in the following subjects:

- The policies and objectives of the CED Program;
- The profile of the SMEs that would participate in the Program;
- Documents required for the presentation of projects;
- Criteria for classifying and evaluating projects;
- Contracting arrangements and forms of payment.

Promoting the Program

Different kinds of events were organized and held to promote the CED Program. These included:

- A massive launch in each city;
- Working breakfasts with business people, trade association representatives and bank managers;
- Forums on the latest economic issues and developments in the business world.

The following materials were also used to promote the Program:

- The CED Program binder
- The business cards of the CARANA executives
- Advertisements/reports in the country's main newspapers
- Radio and television interviews

The results of these promotion activities are presented in the results section of this report.

THE OPERATIVE PHASE

The operative phase of the Program took place between April 2004 and March 2006. The main objective of this phase was to formulate and implement successful projects with SMEs. Within our internal structure, CED-Consulting and CED-Finance were responsible for ensuring successful SME projects.

CED-Consulting

This unit was responsible for formulating and implementing SME projects. The underlying concept of the CED Program was to identify and carry out true expansion projects with SMEs. We defined expansion projects as those in which our technical assistance could help increase SME sales and therefore have a high likelihood of generating employment. The following methodologies were used to develop and carry out SME expansion projects.

Project Formulation

The operator made reconnaissance visits to the enterprises that were interested in the Program according to the lists drawn up at the promotion events. These visits were used mainly to determine the following:

- That the enterprise was an SME according to Colombian standards and as stipulated in Law 590 of 2000;
- That the enterprise had been operating for at least two years so that the enterprise's financial data for the previous two years could be analyzed and compared;
- That the enterprise had an outline or a draft for an expansion project;
- That the enterprise had the capacity to grow and create at least ten sustainable jobs;
- That the enterprise had sufficient resources, or the possibility of acquiring sufficient resources, to invest in the expansion project.

If the enterprise visited met all these conditions, the operator would gather the basic documentation from the enterprise and use it to prepare and submit a request to CARANA for authorization to perform a business evaluation or diagnosis of the enterprise or, if applicable, to draw up terms of reference for the expansion project. If the operator determined that the enterprise was already in a position to formulate an expansion project, it could proceed directly to do so.

The business evaluations were carried out in the businesses that faced several expansion options and needed to define the best one. The consulting service in this case consisted of performing a diagnosis to rate the enterprise's competitiveness in all its activities. Different methodologies were used according to the region in question and the tools and consultants available to the operator. A business evaluation on average required eight hours of diagnostic work in the enterprise itself and eight hours of analysis and report writing. The CED Program financed this consulting activity 100 percent. The product consisted of a defined and formulated expansion project for the enterprise in question. In some cases, the business evaluation revealed that the enterprise was not ready to undertake an expansion project and it was then not considered eligible to apply for support from the CED Program.

Terms of reference were drawn up for businesses that had defined their ideas for their expansion project but were still unsure of the specific components of the subsequent consulting services they required. In these cases, a project profile was drawn up and the specifications for the enterprise's expansion project were determined. All the terms of reference drawn up in this way did in fact subsequently become expansion projects. The CED Program also financed this activity 100 percent.

Initially, business evaluations helped identify SME expansion projects. However, after successfully completing several projects, it was determined that these evaluations were no longer necessary. First, because demand for our services was increasing as a result of promotional events and word of mouth by business owners. Second, we found that these

diagnostics were not necessarily objective. They often determined the SMEs needs based on the expertise of the consultant performing the evaluation.

Presentation and Classification of Projects

In order to standardize and unify the criteria for presenting and classifying expansion projects, the consulting division designed a single format to be used for all project presentations (the 'project proposal form'). The project classification process consisted of the following stages and conditions:

- The Regional Operator, with the advice of an expert consultant, presented the project using the project proposal form.
- The presented projects were revised in each region by the Regional Coordinator of CARANA.

This revision process had three possible outcomes:

Option 1: Projects for Committee Approval: these were the projects that met the CED Program conditions and were presented by the Regional Coordinator to CARANA's Project Approval Committee in Bogotá.

Option 2: Projects Requiring Adjustment: these were the projects that needed adjustments to be made regarding certain aspects, such as: the consulting costs, the execution time, the timetable of activities, the coherence of the consulting plan, the profile of the consultant chosen by the enterprise, the project's conceptual clarity, the scope of the project, and other key elements.

Option 3: Rejected Projects: these were the projects that failed to meet, and which the Regional Coordinator felt could not be adjusted to meet, the policies and requirements of the CED Program.

The Project Approval Committee consisted of:

- The General Director of CARANA
- The Director of the Consulting Division of CARANA
- The Director of the Finance Division of CARANA
- The Manager of the Finance Division of CARANA
- The Comptroller of CARANA
- The USAID Representative (as an observer and without a vote)
- The Regional Coordinator (presenting the projects)
- The Assistant of the Consulting Division (without a vote)
- The Contracts Assistant (Committee Secretary, without a vote)

The Committee usually met once a week, more often if extraordinary projects made this necessary, or less frequently if there were no projects to be presented. The process for presenting and approving projects included the following steps:

- Five working days prior to the Committee’s scheduled meeting date, the Regional Coordinator e-mailed the project proposal forms he/she had revised and considered eligible for presentation to the Projects Assistant.
- The Regional Operator also mailed hard copies of all the supporting documents for the project to the Projects Assistant. These consisted of:
 - Letter requesting the project’s registration with the Committee;
 - Printed project proposal form;
 - Certificate of registration with the chamber of commerce;
 - The enterprise’s financial statements for the last two years;
 - Bank references for the enterprise;
 - Letter of intent from the business owner guaranteeing payment of the amounts it owes under the project, acceptance of the consultant chosen to execute the project, and the generation of employment;
 - Printed document confirming that the enterprise had no pending legal issues with the United States (the “Clinton List”);
 - All documents needed to verify special components of the project, such as: commercial agreements with clients, photocopies of assets purchases, consulting plans, photographic or video records, leaflets, etc.
- The Projects Assistant revised the documents and the project presentation form to check all conditions were met.
- The Projects Assistant sent the complete package to the Consulting Director for review and acceptance for presentation to the Committee.
- Three days prior to the Committee’s scheduled meeting date, the CED Consulting Director e-mailed the proposal forms for the projects that were to be assessed at the next meeting to all the committee members.
- The committee members examined the projects and prepared their observations for analysis at the committee meeting.
- The Regional Coordinator presented the projects to the Committee, placing special emphasis on:
 - The enterprise’s background;
 - The financial analysis of the business;
 - The type of project the enterprise wished to implement;
 - The experience of the consultant proposing the project;
 - The objectives, scope and expected results of the project;
 - The feasibility of the project;
 - The timetable of activities;
 - Sources of financing for the project;
 - The CED’s contribution, which could not exceed 50 percent of the total cost of the consulting services;
 - Costs, benefits, and investment involved in each job created;
 - Risks involved in the project and options for mitigating them.

The committee members presented their observations, requested further information as necessary and voted in favor or against the project. Projects were approved by a simple

majority vote. As a standard committee rule of procedure, once a project had been rejected, it could not be resubmitted for consideration a second time unless the Committee felt it merely needed a few adjustments or the members required further information about it.

Once approved, the project was recorded in the database by the Committee Secretary and assigned a consecutive code number according to the region in which the corresponding operator functioned.

Project Legalization

On the same day that the project was approved, the Committee Secretary e-mailed the following documents to the regional operator:

- Certificate of approval of the project, together with its assigned code number and the approved budget.
- Budget commitment entered into between the operator and the CED Program, stipulating the amount of approved resources, the recipient enterprise, and all the other conditions.
- Technical annex, describing the technical specifications, activities, and timetable for the project, as well as the commitments assumed by the consultant.
- Tax exemption document certifying that CARANA is not subject to VAT and stating that the consultants must submit their invoices to CARANA together with their national tax returns.

The operator had to carry out the following procedures to legalize the projects:

- Notify the business owner and the consultant in writing of the project's approval.
- The legal representative of the operator signed the corresponding power of attorney (Mandato de representacion).
- Sign the technical annex of the project together with the consultant and deliver a copy of the tax exemption document to the consultant.
- Sign a professional service contract among the enterprise, the operator, and the consultant, in accordance with the specifications set forth in the technical annex, the budget commitment document, and the project proposal form approved by the Committee.
- Demand contract fulfillment guarantees from the consultant.

The operator sent copies of the aforementioned documents to CARANA's headquarters and opened a control file for the project with the original documents.

Project Execution

The project execution phase started when the final adjustments were made to the consulting contract and the project documents were filed with CARANA. The contract was considered to be the project's official starting document. According to the work timetable drawn up for the project, the consultant would schedule visits and consulting work with the business owner and the operator, and program the activities required for the execution of the consulting plan. The timetable included in the project proposal form stated the dates on which reports had to be submitted, the timeframe in which jobs would be created, the expected deadline for increasing sales, and the project monitoring and control visits that would be made.

The consultants had to work according to the approved consulting plan, and any modification that they felt necessary had to be approved by the operator and the Regional Coordinator of CARANA. Changes to critical aspects of the project, such as the scope of the consulting services, the employment targets, the budget, consulting activities, project completion time, and the participating consultant, could only be authorized by the Approval Committee upon receipt of a written request submitted by the business owner explaining the reasons for the requested change. The Committee determined whether the change was acceptable or if the project should be cancelled.

During the execution of the project, the consultant had to submit at least two executive reports and one final report. CARANA established a special format for the presentation of these reports.

Project Monitoring and Follow-Up

CARANA designed a special project monitoring and follow-up system aimed at guaranteeing the quality of the consulting services provided and that the results, targets, and objectives of each approved project were effectively attained. The responsibility for the monitoring system was awarded to the consulting division, mainly to the Regional Coordinators who, together with the operators in each region, scheduled follow-up activities and visits to the projects.

CED-Finance

The objective of the finance division of the CED Program was to ensure that the participating enterprises: (1) had the resources to implement the expansion projects, (2) optimized their financial situation, and (3) acquired new credits to invest in working capital or fixed assets or to restructure their liabilities. The methodology we used was as follows:

- The consulting division sent CED-Finance a list of the companies that needed financial advice.
- According to the location of the businesses involved and the kind of financial advice required, the management of CED-Finance assigned the businesses to one of the division's senior consultants.
- The senior consultant contacted the representative of the enterprise that had requested financial advice and arranged a reconnaissance visit. During the visit,

- the senior financial consultant would examine the enterprise's situation and specific needs, and whether it should consider taking out a loan.
- The financial consultant then analyzed the information gathered and drew up an executive report with conclusions and recommendations for the enterprise. This document was kept in the enterprise's file.
 - If the enterprise needed a loan and the financial consultant considered it feasible to request one from a financial entity, the consultant would help the enterprise fill out the credit formulation form and assist it in the loan process with the bank.

CED-Marketing

The main objective of the marketing division of the CED Program was to identify and develop anchor and cluster programs. Under the anchor program we created and formalized alliances between SMEs and large enterprises (anchors) to help generate indirect exports and opportunities in the national market. The goal was to increase competitiveness in production chains. The anchor companies that participated in the Program were all:

- Export companies
- Large purchasers of SME products
- Colombian enterprises or multinationals that were interested in increasing local purchases
- Companies seeking to improve the integration of activities with their suppliers and to increase their suppliers' productivity.

In order to participate in the Program, the anchor companies were asked to commit themselves to their selection of strategic suppliers and to the initial design of the business development program that was to be implemented. Their active participation in the execution of the project with the suppliers was even more important.

The cluster was another model for collective project work that the CED Program promoted. Clusters play an important role in consolidating business communities in each of the different regions. As an organization scheme, they encourage the establishment of networks in specific sectors or sub sectors and they make it possible to identify opportunities for setting up enterprises around new activities or for strengthening existing ones. Clusters in particular facilitate the establishment of businesses in rapidly expanding sectors and in activities that have a significant impact on job creation, such as specialized services in the engineering, design, consultancy, new technologies, software development, logistics, distribution and business management industries, among others.

Clusters also have a considerable capacity to generate added value. This is made patently clear by the fact that the world leaders in terms of productivity, employment and international trade are the more developed countries, and clusters account for a relatively significant portion of GDP in some of the largest economies in the world. Enterprises that operate in successful clusters generally enjoy benefits that translate into larger profits and growth. Economic theory often identifies these benefits as consisting of external factors (availability of specialized human resources, information, etc.), lower transaction costs,

specialized economies, and a business climate that promotes innovation, among others. The importance of these benefits (or competitive advantages) justifies government intervention given that ensuring enterprises have access to them is often beyond the scope of private-sector initiative.

The method we used for developing anchors and clusters consisted of the following steps:

- Define the needs of the anchor company and prioritize its suppliers and distributors.
- Understand the workings of the anchor company (possibilities, limitations and capacity to contribute to results).
- Ensure a link between the local support system and demand among the collective business and sectoral systems for cluster projects.
- Identify common interests by evaluating dependencies.
- Define the resources to be contributed and formalize the commitment of the parties involved.
- Plan the future of the supplier, the distributor and the client according to the degree of dependency among them, and propose scenarios to minimize risks and increase productivity.
- Boost the overall development of SMEs by generating trust and developing collective learning processes.

We executed 14 anchor projects and 29 cluster projects during the CED Program. On average, these projects created over 100 jobs each and had a far greater impact on employment than individual projects. The results of the anchor and cluster projects carried out are presented in the table below:

CLUSTERS	PROJECT	CITY/REGION	SECTOR	JOBS CREATED
1	Parque Soft (Armenia)	Armenia, Quindío	Services/Technology	51
2	Cosiendo Futuro (Calarcá)	Calarcá, Quindío	Textiles/Apparel	32
3	Centro de Formación Int. Providencia	Cali, Valle	Manufacturing	46
4	Industrias Integradas	Cali, Valle	Manufacturing	163
5	Parque Soft	Cali, Valle	Services/Technology	122
6	Prodes de Alimentos Acopi	Cali, Valle	Agribusiness	48
7	Prodes de Ropa Casual de Envigado	Envigado, Antioquia	Textiles/Apparel	51
8	Cosiendo Futuro	Manizales, Caldas	Textiles/Apparel	120
9	Colectivo Prodes Ropa Interior Femenina Oriente Antioqueño	Eastern Region, Antioquia	Textiles/Apparel	153
10	Alianza Antioquia emprendedora	South Western Region, Antioquia	Textiles/Apparel	352
11	Colectivo de calzado ACICAM	Medellín	Manufacturing	134
12	Colectivo minero	Medellín	Mining	949
13	Colectivo Unicilindros	Medellín	Metalworks	23
14	Colectivo de plásticos	Medellín	Plastics	5
15	Colectivo de Transporte ASEM TUR	Pereira, Risaralda	Services/Transportation	262
16	Alianza Convention Bureau del Café	Armenia, Quindío	Services/Tourism	14
17	Alianza Hotelera y Turística de Caldas/Cotelco Caldas	Manizales, Caldas	Services/Tourism	23
18	Colectivo de calzado ASOINDUCAL	Bucaramanga, Santander	Manufacturing	38
19	Colectivo Don Matías	Don Matías, Antioquia	Manufacturing	39
20	Colectivo Envigado	Envigado, Antioquia	Textiles/Apparel	43
21	Parque Soft	Manizales, Caldas	Services/Technology	13
22	Parque Soft	Popayán, Cauca	Services/Technology	17
23	Alianza Serfiness/Colpads	Medellín, Cali	Textiles/Apparel	210
24	Fundación San Isidro	Córdoba	Textiles/Apparel	45
25	Colectivo Itagui	Itagui, Antioquia	Textiles/Apparel	48
26	Colectivo lavanderías	Itagui, Antioquia	Manufacturing	120
27	Asociacion Cacaocultores de Vegachi	Antioquian North East	Agribusiness	46
28	Colectivo Murcia Castaño	Neiva, Huila	Industry and Trade	3
29	Anipan	Cali, Valle	Agribusiness	32
30	Madepal Ltda	Cali, Valle	Manufacturing/Wooden Furniture	12
31	Comercializadora Internacional LTC	Cali, Valle	Textiles/Apparel	159
32	Supertex	Cali, Valle	Textiles/Apparel	511
33	C.I. Index	Medellín, Antioquia	Textiles/Apparel	322

CLUSTERS	PROJECT	CITY/REGION	SECTOR	JOBS CREATED
34	Leonisa phase 1	Medellín, Antioquia	Textiles/Apparel	97
35	Cerromatoso	Montelíbano, Córdoba	Services	103
36	Eve Distribuciones	Pereira, Risaralda	Pharmaceuticals Marketing	66
37	Fundación Torremolinos (precooperativa crear y crecer)	Girardota and Bello, Antioquia	Textiles/Apparel	115
38	Ancla E.P.M.	Antioquia	Services/Electrical devices	18
39	Ancla Cueros Velez	Antioquia and Santander	Manufacturing	183
40	Ancla Imusa	Antioquia	Manufacturing	60
41	Ancla C.I. Teen Club	Antioquia	Textiles/Apparel	57
42	Ancla Leonisa-Coopimar	Antioquian East	Textiles/Apparel	175
43	Alberto Lenis comunicaciones	Valle del Cauca	Services/Telecommunications	44
TOTAL ANCHORS				1,921
TOTAL CLUSTERS AND ANCHORS				5,122

THE POST-OPERATIVE PHASE

The post-operative phase or final phase of the Program took place between April 2006 and September 2006. There were several objectives of this phase of the Program: (1) ensure SME project completion; (2) formally close the Program in the operating regions; (3) consolidate Program results; (4) ensure smooth transition to the new USAID program, and (5) complete outstanding initiatives.

SME Project Completion

Most SME projects took between 6-8 months to execute. More than 50% of SME projects were approved and initiated in the second half of 2005, leaving approximately 150 projects to complete between April 2006 and September 2006. In addition to concluding the consulting work, each project required a formal closing procedure. This involved a meeting between the SME owner, the consultant, the operator, and a CED staff member. All parties signed a Completion of Consulting work certificate (Acta de Terminacion de Consultoria) attesting to the results of the project.

Closing Events

Closing events were held at the end of the Program in the towns of Armenia (for the Coffee Axis, Tolima and Huila operators), Barranquilla (for the Atlantic Coast and Santander), in Cali for the Valle del Cauca, and in Medellín for Antioquia. The events were organized by the CED Program and regional operators, and attended by

consultants, businesses, USAID and government representatives. The events served to report final results of the Program and to introduce USAID's new SME initiative under the MIDAS Program. In addition, regional operators and the director of the CED Program signed the Certificates of Administrative and Financial Closeout (Actas de Cierre Administrativas y Financieras), verifying Program results and completion of all financial obligations. Finally, formal recognition was given to businesses and consultants for outstanding contributions and performance under the Program.

Consolidate Program Results

During the final phase of the Program considerable effort was made to verify, consolidate, and add value to the results obtained during the Program. CARANA hired a national consulting firm, NEST-AFINE S.A., to verify sales increases for SMEs participating in the CED Program against sales increases reported by the Program. Moreover, the study compared the financial performance of SMEs participating in the CED Program to approximately 15,000 SMEs that did not participate in the Program. The financial data for the analysis was obtained from the Office of the Superintendent of Financial Entities, Corporations and Public Services (Superintendencia de Sociedades, Financiera, de Servicios Públicos), and from the General Accounting Office of the Nation (Contaduría General de la Nación), the most reliable and official source for such information in Colombia. The financial analysis used data from fiscal years 2003, 2004, and 2005 (the most recent information available) and compared financial performance by operator, region and economic sector. In chapter four we summarize the results of this report.

In addition, CARANA carried out a survey to obtain additional information of Program results. The survey was sent to 502 participating SMEs, of which 299 companies responded, representing a statistical margin of error of 5 percent. Additional information obtained included (1) gender and socio-economic classification of employees hired; (2) new markets or products developed as a result of the consulting services provided, and (3) satisfaction with the consulting services provided. Chapters four presents a summary of the survey's results.

Finally, during this phase we reviewed all the information in the CED Program database (ACCESS) and verified the data with source documents in paper files, as well as information available from Program Operators. This entailed examining SME employee contracts, financial statements to confirm sales increases, payments made to operators, CED contracts with operators and identification information for SMEs and employees hired. Once all the information in our database was verified, two reports were prepared and submitted to the CED Program CTO along with the ACCESS database of SMEs, as well as the CARANET database of consultants. The report titled "Job Creation Report" (Informe de Empleos Generados) contains the name of the employee hired, his/her identification number, length of contract, the name of employer, the location of the SME and the CED Program contract number. The report titled "Sales Report (Informe de Ventas) shows sales increases for participating SMEs.

Transition to New USAID Program

Senior CED staff dedicated significant time to ensuring a smooth transition to the MIDAS program. Several meetings were held with USAID and MIDAS management to review procedures, document formats and contracts, among other Program details. Moreover, CED staff accompanied MIDAS program staff in visiting projects and promoted the MIDAS program in press interviews, discussions with business-owners and consultants, at the regional closing events discussed above. This smooth transition is evidenced by the fact that nearly all the initial projects approved by MIDAS were from SMEs whose experience with the CED Program was very positive. CARANA transferred all inventory (furniture, equipment, software) to the MIDAS program during the final two weeks of September 2006.

Other Pending Initiatives

The CED Program developed the “Diploma Course in Consultancy Management” between CARANA and the Business Innovations and Research Center (Centro de Innovación y Desarrollo Empresarial - CIDEM) of Universidad del Rosario. The objectives of the diploma course were to select, train and qualify professional consultants and advisors who could generate real solutions in businesses. The course was aimed at professionals working in the consultancy industry who wished to improve their skills and the tools they use in the field with a view to contributing to the economic and sustainable development of organizations at both the national and the international level.

Each program was made up of 10 modules lasting 120 hours. The modules were given through seminars, workshops, group and individual work, and the examination of case studies taken from Colombian and Latin American industry. The subjects covered included: the basics of consulting work, business characterization models, commercial management, service design and innovation, knowledge creation and transfer models, the design of consulting services, fundraising and the sale of intangibles, the provision of consulting services, impact evaluation models, and how consultancy firms work.

The consultants who met the necessary requirements could obtain a dual certification: academic certification issued by CARANA-CIDEM, and a competency certification issued by the French firm, Bureau Veritas Quality.

The Diploma Course in Consulting Management was held in the cities of Manizales, Bucaramanga, Ibagué, Cali, and Medellín. With an investment of 160,560,000 Colombian pesos, 50% of which was funded by the participating consultants and 50% by the CED-USAID Program, 149 people were trained and 125 certified, with a satisfaction rate of 90%.

RESULTS

The consolidated results of the CED Program show that in total 867 businesses benefited from the Program. Of these: 473 received diagnoses as part of a business evaluation, 563 received consulting services for their expansion projects, and 133 both received business evaluations and participated in expansion projects to generate 14,126 jobs and benefit 28,255 families. See Table No. 1.

Table No. 1 - Summary of Projects and Jobs Created

Operator	Businesses That Received Evaluation	Businesses That Received Expansion Consultation	Businesses That Received Evaluation & Expansion Consultation	Businesses That had 2 Phases of Expansion Projects	Total Businesses	Jobs Created	Families Benefited
Quindio -Armenia	11	13	5	1	18	234	468
Costa – Barranquilla	39	32	9	2	60	932	1,866
Santander - Buucaramanga	35	25	2	2	56	468	935
Risaralda – Dosquebradas	16	12	3	1	24	175	350
Tolima – Ibagué	23	34	6	1	50	677	1,357
Caldas – Manizales	22	8	3	-	27	252	503
Antioquia – Medellín	185	287	55	15	402	5,608	11,216
Risaralda – Pereira	30	24	7	1	46	527	1,054
Valle del Cauca & Western Colombia -Cali	112	128	43	13	184	5,253	10,506
TOTAL	473	563	133	36	867	14,126	28,255

The CED-USAID Program pursued objectives in various areas. The results have been grouped according to the kind of impact they had, as follows:

- **Social Impact:** The results in this category include the number and kind of jobs created, the families that benefited, and the gender of those employed in the new jobs.
- **Financial Impact:** Reporting on the extent to which the SMEs participating in the CED Program experienced economic growth during the three years that the Program lasted was considered to be of vital importance. This analysis includes figures for sales growth and real assets growth, as well as the businesses’ financial performance ratios for the period in question.
- **Business Impact:** The consulting topics most frequently addressed during the Program are briefly described.

The summary of the analysis of the Program’s economic and social impact was prepared by CARANA, while the analysis of the financial impact was performed by NEST-AFINE, who compared the performance of the businesses participating in the CED Program with the records they have on SMEs in their national database.

The primary source of information for the analysis was the CED Program’s database (Access), which contains data on all the enterprises (564) that had expansion projects underway at the time the analysis was performed (during the last four months of Program), including data on the number of new jobs reported for each business, the economic sector to which the enterprises belong, and the region in which the project was implemented. The survey completed by the SME owners at the end of the CED-USAID Program was used as an additional source of information. The survey universe consisted of the enterprises that had completed expansion projects (502 enterprises). Some 299 of these took the survey, which represented a margin of error of less than five percent.

SOCIAL IMPACT

The CED-USAID Program, through the Chambers of Commerce and the Centro Nacional de Productividad, not only served SME owners in large urban areas but also managed to extend its operations and presence to neighboring areas, such as Magdalena Medio (Córdoba), Boyacá, Nariño, Cauca, Tulúa, Palmira, El Sur del Valle, Eastern Antioquia, and Santander, as well.

The broad reach of the Program, together with other factors, ensured that its social impact was significant throughout its duration. This impact is described below.

Jobs Created

Analysis by Operator

The goal set at the outset of the Program was 8,000 new jobs. By the end of the contract, the program had created a total of 14,126 jobs, an average of 25 jobs per company, which represented an efficiency rate of 177. The figures by operator are shown in Table No. 2:

Table No. 2 - Jobs Created by Operator

Operator	Businesses	Jobs Created	Average Jobs by Region
Armenia Chamber of Commerce	14	234	17
Barranquilla Chamber of Commerce	32	932	29
Bucaramanga Chamber of Commerce	25	468	19
Centro Nacional de Productividad (National Center of Productivity)	128	5,254	41
Dosquebradas Chamber of Commerce	12	175	15
Ibague Chamber of Commerce	34	677	20
Manizales Chamber of Commerce	8	252	31
Medellin Chamber of Commerce for Antioquia	288	5,608	19
Pereira Chamber of Commerce	23	527	23
TOTAL	564	14,126	25

Most notably, this table shows that:

- The operator that created the most jobs was the Chamber of Commerce of Antioquia, followed by Centro Nacional de Productividad of Cali (CNP). These two operators accounted for 77% of the total number of jobs created.
- In terms of performance, the Chamber of Commerce of Ibagué surpassed its target by 93%.
- The performance of the Chambers of Commerce of Manizales, Barranquilla, Dosquebradas and Armenia was lower than expected.

Analysis by Region

- Among the regions, the Eastern Central region, where the Program created 57% more jobs than it had targeted, recorded the most notable performance.
- In absolute terms, the Valle del Cauca and Western regions exceeded their targets by 1,077 jobs.

Table No. 3 - Jobs Created by Region

Region	Businesses	Job Created	Average Jobs by Region
Antioquia	288	5,608	19
Atlantic Coast	32	932	29
Valle del Cauca & Western Colombia	128	5,254	41
Eastern Central	59	1,144	19
Coffee Axis	57	1,188	21
Total	564	14,126	25

Analysis by Sector

- The sectoral analysis shows that the metal works sector was the most successful at job creation: it exceeded its target by 72%.
- The textiles and apparel and services sectors were also highly successful; both surpassed their targets. The textiles and apparel sector created 147 more jobs than targeted, and the services sector 475 more jobs than targeted.
- The sectors with the highest average job creation figures were agribusiness, security, and other industries (including tourism).

The figures for each sector are presented in Table No. 4:

Table No. 4 - Jobs Created by Sector

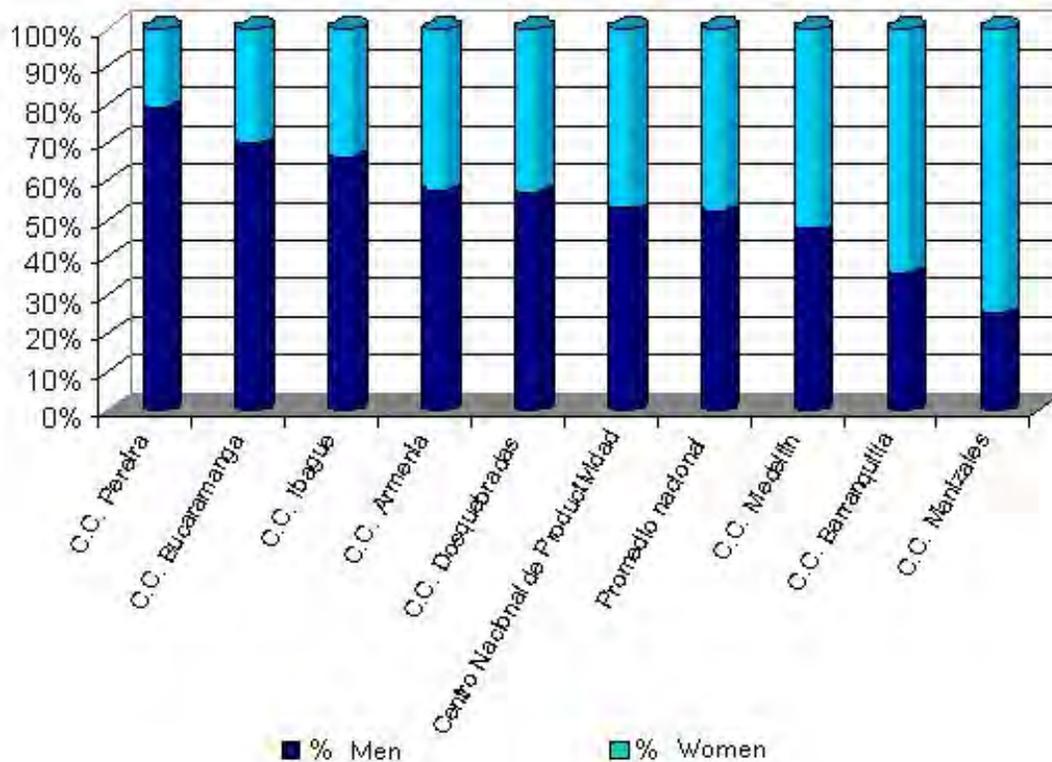
Sector	Businesses	Job Created	Average Jobs by Region
Agribusiness	22	902	41
Chemicals	3	8	3
Commercialization (Marketing)	38	707	19
Construction - Real Estate	12	188	16
Electronics/Technology	21	423	20
Food & Beverages	44	1,135	26
Graphics/Publishing	13	211	16
Health	14	315	22
Leather & Footwear	48	375	8
Metal Works	37	948	26
Mining	4	59	15
Other Industries	26	1,156	44
Plastics & Rubber	17	197	12
Security	14	545	39
Services	51	1,509	30
Textiles & Apparel	168	4,748	28
Transportation/Automobiles	16	501	31
Wood & Furniture	16	200	13
TOTAL	564	14,126	25

Analysis by Gender

Of all the jobs created at the national level, 52% were filled by men and 48% by women. Graph No. 1 shows the data per operator. Most notably, this graph shows that:

- In Baranquilla, 64% of the jobs created were filled by women, many of whom were heads of the family
- In Bucaramanga and Pereira, more men were hired for the new jobs than women, 79% and 70%, respectively.
- The regional analysis shows that most new employees were men in the Eastern Central region due to the high concentration of security and construction firms in this part of the country.
- The distribution of men and women workers is fairly even among the main employment generators in Antioquia and Valle del Cauca.
- The sectors in which men made up most of the new workers are: mining (93%), security (91%), and construction (88%).
- The hiring patterns of the SMEs in the CED Program are consistent with nationwide trends (DANE).
- Women made up most of the new employees in the plastics and rubber sector (87%), the health sector (76%), and the textiles and apparel sector (76%).
- Sectors such as publishing and chemicals hired both men and women indiscriminately.

Graph No. 1
Jobs by Gender per Operator



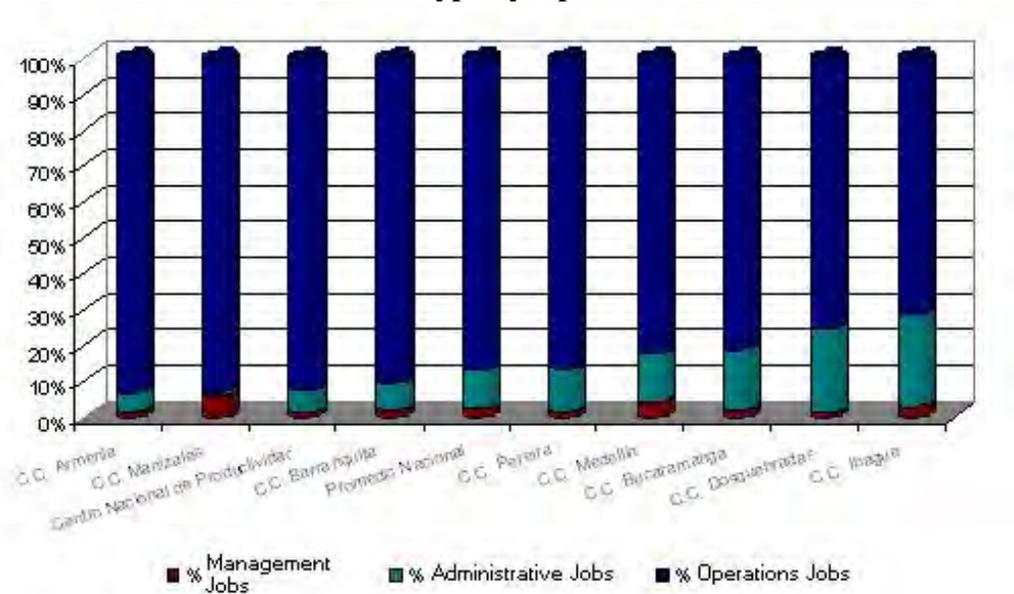
N.B: “CC” stands for “Chamber of Commerce,” “Promedio nacional” is translated as “National average,” and “Centro Nacional de Productividad” can be translated as “National Center of Productivity.”

Type of Employment Generated by Operator

Graph No.2 shows the type of jobs created by operator. The most notable results are described below:

- When classified by skills level, most of the new jobs required only minimal skills, which means that the more vulnerable sectors of the population benefited the most.
- In Armenia, there was a higher concentration of new jobs in operations, while in Ibagué, most of the new jobs were administrative positions.

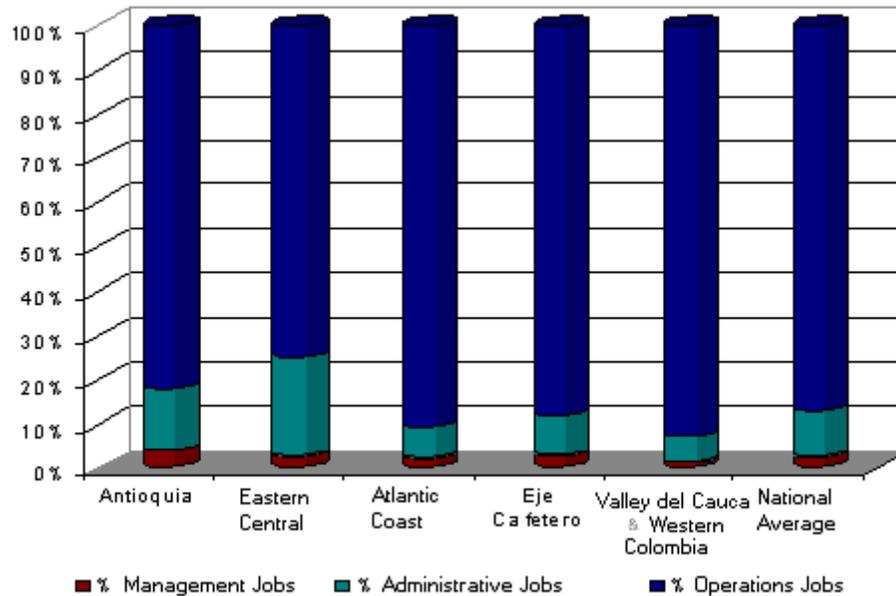
**Graph No. 2
Job Type by Operator**



Analysis by Region

- The Valle del Cauca and Western region created the most operations jobs, followed by the Atlantic Coast and Coffee Axis regions.
- The Eastern Central region created a high proportion of administrative jobs due to the presence of Tolima and Huila. See Graph No. 3.

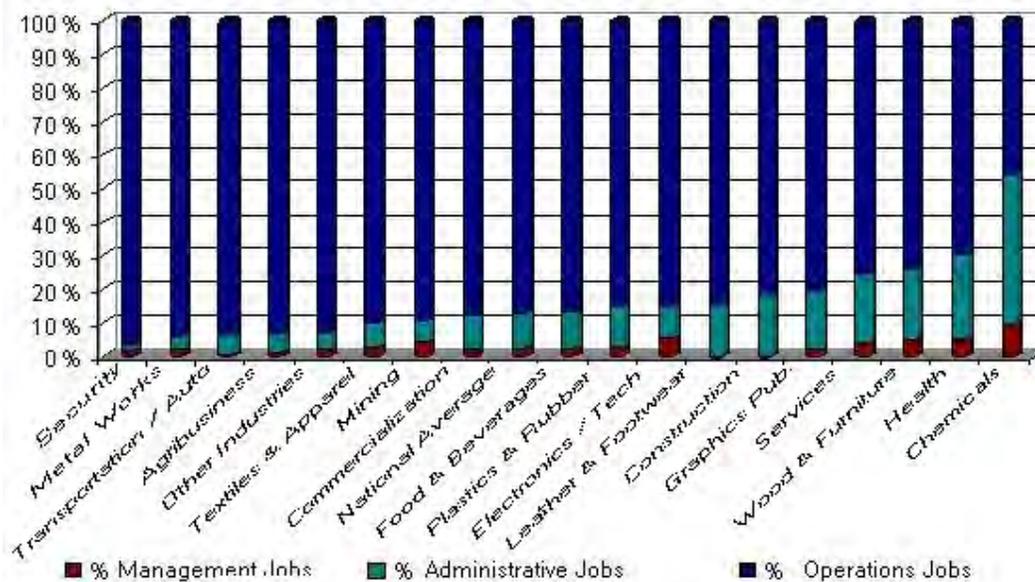
Graph No. 3 Job Type by Region



Analysis by Economic Sector

Although jobs are mainly created in operations in most sectors, the proportion of administrative positions is high among the jobs created in the chemicals, health, wood and furniture, and services sectors. See Graph No. 4.

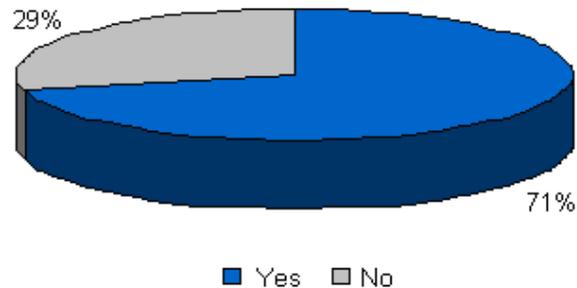
Graph No. 4 Job Type by Economic Sector



Employment Generation Among Vulnerable Sectors

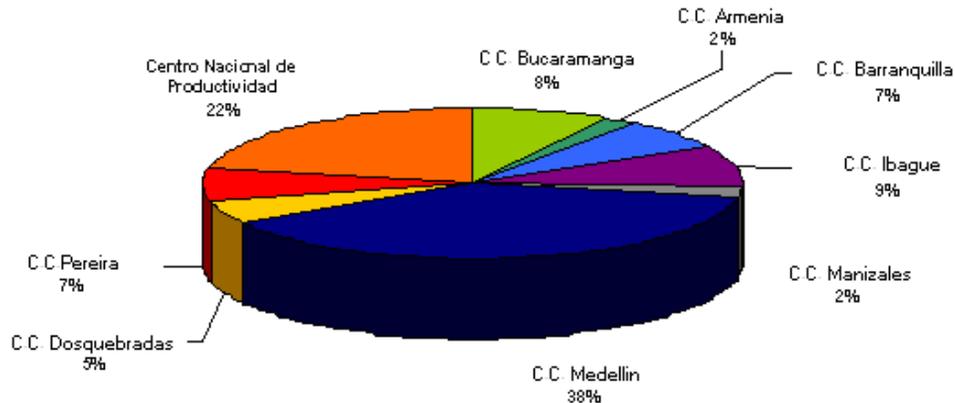
Although the focus of the CED Program was not to specifically create jobs for the more vulnerable sectors of the population, 71% of the SMEs reported having contracted mothers who were heads of the family, youths under the age of 26, Afro-Colombians, former members of guerrilla and paramilitary groups, and displaced persons. See Graph No. 5:

Graph No. 5 Employment of People from Vulnerable Sectors



- As far as hiring people from vulnerable sectors of the population is concerned, according to the figures reported by the SMEs in their zone, the operators that had the largest social impact in this respect were the Chamber of Commerce of Medellín and the Centro Nacional de Productividad in Cali.
- Antioquia, and the Valle del Cauca and Western region reported that members of the vulnerable sectors of the population filled over 50% of the jobs created in their regions.
- Although the Coffee Axis region accounted for only 16% of the total jobs created for members of vulnerable groups nationwide, 89% of the enterprises in this region reported hiring people from the vulnerable sectors of the population.
- Similarly, the Eastern Central region accounted for only 17% of the total jobs created for vulnerable sectors, but 82% of the businesses in the region reported hiring people from vulnerable groups.
- The textiles and apparel sector, and the food and beverages sector, respectively, accounted for 22% and 11% of the businesses hiring workers from the vulnerable sectors nationwide. 81% and 79% of the enterprises in these two economic sectors reported hiring people from the vulnerable sectors of the population.
- The mining and chemicals sectors represented only 1% of the total number of businesses that hired people from vulnerable groups, but 100% of the SMEs in these sectors reported contracting members of the vulnerable population.
- In absolute terms, the performance of the Chamber of Commerce of Dosquebradas is particularly notable in that 100% of the SMEs in its area of influence reported hiring members of the vulnerable sectors. The Chambers of Commerce of Pereira and Ibagué similarly reported that 88% and 83% of their enterprises, respectively, had hired workers from the vulnerable sectors of the population. These figures are presented in Graph No. 6.

Graph No. 6 Hiring of Vulnerable Workers by Operator



FINANCIAL IMPACT

It is important to know the financial impact the CED Program had on the SMEs that received the consulting services. The firm NEST-AFINE was therefore hired to perform an independent analysis of the financial results of the SMEs that participated in the CED-USAID Program. The firm compared and contrasted the results obtained by the Program with the information in its database on SMEs nationwide.

It should be pointed out that the database used by NEST-AFINE is an added-value financial information system that offers tools for analyzing the evolution and performance of Colombian enterprises in 66 different economic sectors, which cover approximately 470 activities, according to International Standard Industrial Classification system (ISIC). This database has compiled data on some 30,000 Colombian enterprises over the past 11 years. This information has since been processed according to financial theory and knowledge of the market at the sectoral level. The software the firm uses can perform financial and commercial analyses of the enterprises contained in the database and produce reports on a number of financial aspects, including financial standing, performance ratios, foreign trade, contact information, legal representation, and board of directors.

The sources of information used are publicly available and mainly obtained from the Office of the Superintendent of Financial Entities, Corporations and Public Services, and from the General Accounting Office of the Nation.

AFINE's SME database was broken down into 14,955 enterprises for purposes of comparison. These enterprises meet the criteria for classification as small and medium enterprises at the national level according to the pertinent Colombian legislation. The information was analyzed from three perspectives:

- Results by operator
- Results by region

- Results by sector

The most significant points made in NEST-AFINE's report are presented below:

GROWTH INDICATORS

Analysis by Operator

The main finding of the growth analysis is that sales by companies participating in the CED-USAID Program increased by a weighted average of 43.4%, which is above the Program's proposed target of 30%. This is detailed in Table No. 5:

Table No. 5 - Growth Indicators by Operator

	Operator	Sales	% Part	Sales Growth	Assets	% Part	Real Assets Growth	No. of Enterprises	% Part
1	CC Bucaramanga	85,246,790	6.2%	9.8%	71,574,558	7.7%	15.8%	19	7.1%
2	CC of Armenia	16,904,610	1.2%	54.4%	12,211,841	1.3%	1.5%	7	2.6%
3	CC of Bquilla	132,844,982	9.7%	66.0%	93,079,174	10.0%	64.0%	17	6.3%
4	CC of Ibagué	90,815,139	6.6%	71.3%	102,560,644	11.0%	64.4%	23	8.6%
5	CC of Manizales	26,878,587	2.0%	102.9%	28,736,875	3.1%	107.4%	5	1.9%
6	CC of Medellin	394,612,037	28.7%	36.7%	252,904,771	27.2%	27.9%	112	41.6%
7	CC Dosquebradas	44,289,150	3.2%	37.8%	40,388,028	4.3%	18.1%	9	3.3%
8	CC Pereira	132,934,813	9.7%	50.0%	57,720,156	6.2%	-9.0%	17	6.3%
9	CNP	451,157,415	32.8%	43.1%	269,762,934	29.0%	44.3%	60	22.3%
10	Total	1,375,683,524	100%	43.4%	928,938,982	100%	34.8%	269	100%

N.B: "CC" stands for "Chamber of Commerce"

The enterprises having the strongest growth were those that worked with the operators in Barranquilla (66%), Manizales (102%), and Ibagué (71.3%).

Another important fact seen in this analysis of the economic-financial impact of the CED-USAID Program is real asset growth in the participating enterprises.

Analysis by Region

All regions surpassed the target of 30% sales growth, as shown in Table No. 6.

- The highest rates of sales growth were found in the Atlantic Coast (66%) and Coffee Axis (52.4%) regions.
- Enterprises in all of the regions experienced real asset growth.
- The areas where enterprises had the strongest real growth in assets were the Atlantic Coast (64%), Valle del Cauca (44.3%), and Central Eastern (40.2%) regions.

Table No. 6 - Growth Indicators – Analysis by Region

Region	Sales	Participation % Part 1	Sales Growth	Assets	Participation %Part 2	Real Assets Growth	Number of Enterprises	Participation % Part 3
Antioquia	394,612,037	28.7%	36.7%	252,904,771	27.2%	27.9%	112	41.6%
Eastern Central	176,061,930	12.8%	34.7%	174,135,202	18.7%	40.2%	42	15.6%
Atlantic Coast	132,844,982	9.7%	66.0%	93,079,174	10.0%	64.0%	17	6.3%
Coffee Axis	221,007,160	16.1%	52.4%	139,056,901	15.0%	12.5%	38	14.1%
Valle del Cauca	451,157,415	32.8%	43.1%	269,762,934	29.0%	44.3%	60	22.3%
Total	1,375,683,524	100%	43.4%	928,938,982	100.0%	34.8%	269	100.0%

SALES GROWTH INDICATORS

Analysis by Region

The comparative analyses with the NEST-AFINE database, grouped by region, indicate that enterprises in five of the regions covered by the CED-USAID Program experienced higher growth than did the NEST-AFINE enterprises. This was especially true of the Atlantic Coast, Valle del Cauca, and the Western regions. See Table No. 7.

Table No. 7 - Sales Growth Indicators by Region

#	REGION	SALES GROWTH		
		CARANA	AFINE	CRN/APN
1	ANTIOQUIA	36.7%	19.0%	1.93
2	EASTERN CENTRAL	34.7%	27.4%	1.27
3	ATLANTIC COAST	66.0%	15.5%	4.25
4	COFFEE AXIS	52.4%	22.5%	2.33
5	WESTERN	43.1%	15.4%	2.81

ASSETS GROWTH INDICATORS

Analysis by Region

A comparison with enterprises in the NEST-AFINE database shows that enterprises in four of the five regions covered by the CED-USAID Program had higher asset growth than the NEST-AFINE enterprises. This was particularly the case of the enterprises in the Atlantic Coast, Valle del Cauca, and Western regions. The Coffee Axis region, where performance was poor, was the exception, as seen in Table No. 8.

Table No. 8 - Asset Growth Indicators by Region

#	REGION	REAL ASSEST GROWTH		
		CARANA	AFINE	CRN/APN
1	ANTIOQUIA	27.9%	19.3%	1.44
2	EASTERN CENTRAL	40.2%	18.1%	2.22
3	ATLANTIC COAST	64.0%	16.9%	3.79
4	COFFEE AXIS	12.5%	14.2%	0.88
5	WESTERN	44.3%	12.7%	3.49

Growth Indicators – Analysis by Sector

An understanding of the financial performance of the businesses participating in the Program requires an awareness of the macroeconomic setting in which they operate. Hence, a description of the sectors with the best performance within the CED is given below.

TEXTILES AND APPAREL

- Colombia's textile and apparel sector accounts for 9% of industrial output, and 30% of the sector's output is exported. In addition, the sector accounts for 600,000 direct and indirect jobs.
- In 2005, the sector's exports totaled US\$1.253 billion; the apparel sub sector was the driving force of this sector, with US\$961 million in exports, or 6.7% more than the previous year, according Proexport Colombia.
- Sales growth in the United States, the main export market, was negative, as sales fell by 8%. In the first two months of this year, the sector's total exports declined by close to 3%.
- As was the case for Central American countries, Colombia was adversely affected by surging Asian apparel exports to the United States. Another factor that worked to Colombia's disadvantage was the 3.6% appreciation of the peso.
- Participation in the CED Program: 16.0%.

FOOD AND BEVERAGES

- Exports by the food and beverage sub sector were the second highest among all the sub sectors in the agribusiness sector.
- In this sector, 98% of the 118,000 processing establishments were micro, small, and medium enterprises. These establishments employ 1.6 million persons, representing 49.0% of the total workforce in the sector, and they account for 43.0% of manufacturing output and 10% of GDP.
- In 2005 and thus far in 2006, growth in the remaining categories has averaged 5% by volume, whereas carbonated beverages have increased 10%; dairy products, 9%; long-life milk, 15%; and flavored waters and juices, 8%, according to estimates from companies in the sector.
- Worldwide, the trend in this sector is toward to the development of functional foods, with ingredients that promote greater well being and better nutrition and/or health for consumers.
- Participation in the CED Program: 10.8%.

SERVICES – OTHER

- For 2006, overall growth in this sector is expected to be 3.3%. Most of this growth will be driven by the sub sectors of tourism-related cargo and passenger transportation. These sub sectors have experienced sustained growth as a result of the buoyancy of international trade, the public’s feeling of greater security on the country's highways, and an upsurge in domestic economic activity.
- The continued buoyancy of international trade and heightened domestic security are expected to have a favorable impact on the transport sector, which today accounts for close to 5.6% of GDP and more than 20% of the general services sector.
- Participation in the CED Program: 11.9%.

Table No. 9 shows the performance of the aforementioned sectors, the most important aspects of which are described below:

- Twelve of the 18 sectors met the sales-growth target.
- Two sectors came close to meeting the Program's target of 30% sales growth: the leather and footwear sectors grew by 28% and the health sector by 28.7%; hence, although their growth was above that of other sectors, they failed to reach the 30% target.
- Sixteen sectors experienced real asset growth. The transportation and leather sectors had negative real growth (-61.1% and -4%).

Table No. 9 - Analysis by Sector

ACTIVITY	Sales	% Part	Sales Growth	Assets	% Part 2	Real Asset Growth	# Enterprises	% Part 3
Agribusiness	70,921,573	5.2%	39.1%	61,149,467	6.6%	6.9%	12	4.5%
Food and Beverages	149,620,034	10.9%	36.7%	86,450,251	9.3%	32.1%	29	10.8%
Commercialization	237,978,230	17.3%	60.5%	124,889,266	13.4%	20.2%	20	7.4%
Construction – Real Estate	31,819,701	2.3%	-4.3%	29,350,347	3.2%	11.7%	10	3.7%
Leather and Footwear	34,780,261	2.5%	28.0%	28,439,973	3.1%	-4.0%	21	7.8%
Electric / Technology	73,270,388	5.3%	82.6%	45,017,343	4.8%	17.7%	14	5.2%
Graphics, Publishing	55,390,173	4.0%	30.1%	31,673,381	3.4%	20.3%	10	3.7%
Wood and Furniture	32,098,043	2.3%	42.4%	19,630,138	2.1%	1.8%	9	3.3%
Metalworks	103,627,208	7.5%	80.3%	78,430,295	8.4%	89.3%	19	7.1%
Mining	13,983,252	1.0%	67.2%	11,303,173	1.2%	26.6%	3	1.1%
Other Industries	93,452,327	6.8%	16.1%	55,375,528	6.0%	50.7%	9	3.3%
Plastics and Rubber	25,279,253	1.8%	60.7%	16,423,369	1.8%	2.5%	11	4.1%
Chemicals	3,665,327	0.3%	9.6%	3,611,648	0.4%	58.5%	2	0.7%
Health	70,382,678	5.1%	28.6%	52,626,285	5.7%	153.7%	5	1.9%
Security	52,944,106	3.8%	56.0%	31,092,040	3.3%	68.8%	8	3.0%
Services	92,672,872	6.7%	63.2%	97,868,636	10.5%	41.7%	32	11.9%
Textiles and Apparel	204,437,282	14.9%	36.7%	128,588,040	13.8%	40.4%	43	16.0%
Transportation / Automobiles	29,360,817	2.1%	18.4%	27,019,803	2.9%	-61.1%	12	4.5%
TOTAL	1,375,683,524	100.0%	43.4%	928,938,982	100.0%	34.8%	269	100.0%

A comparative analysis of sales growth is given in Table No. 10. Eleven of the 18 sectors covered by the CED-USAID Program had higher growth than the enterprises in the

NEST-AFINE database. The agribusiness and textile sectors had particularly strong growth, while four sectors performed below the national average.

Table No. 10 - Sales Growth Indicators – Analysis by Sector

#	Sector	Sales Growth 2003-2005		
		AFINE	CARANA	CRN/AFN
1	Agribusiness	5.3%	39.1%	7.4
2	Chemicals	16.0%	9.6%	0.6
3	Commercialization (Marketing)	17.4%	60.5%	3.5
4	Construction - Real Estate	14.9%	-4.3%	-0.3
5	Electronics/Technology	24.4%	82.6%	3.4
6	Food & Beverages	11.0%	36.7%	3.3
7	Graphics/Publishing	12.9%	30.1%	2.3
8	Leather & Footwear	9.4%	28.0%	3.0
9	Metal Works	27.6%	80.3%	2.9
10	Mining	38.1%	67.2%	1.8
11	Other Industries	20.5%	16.1%	0.8
12	Plastics & Rubber	17.9%	60.7%	3.4
13	Textiles & Apparel	7.7%	36.7%	4.7
17	Transportation/Automobiles	32.9%	18.4%	0.6
18	Wood and Furniture	32.4%	42.4%	1.3

N.B.: Three of the 18 sectors were not compared by AFINE because they are not classified as industries involved in health, services, and security or similar activities.

Regarding real asset growth, of the 18 sectors that were compared with the NEST-AFINE database and covered by the CED-USAID Program, 8 were found to have higher asset growth than the AFINE enterprises, in their respective sectors, while 7 were found to have lower growth. The metal works and chemicals sectors experienced the strongest growth, whereas vehicles and automobiles and leather and footwear had the most sluggish growth. See Table No. 11 below:

Table No. 11 - Assets Growth Indicators – Analysis by Sector

#	Sector	Assets Growth 2003-2005		
		AFINE	CARANA	CRN/AFN
1	Agribusiness	16.4%	6.9%	0.4
2	Chemicals	17.7%	58.5%	3.3
3	Commercialization (Marketing)	16.1%	20.2%	1.3
4	Construction - Real Estate	14.9%	11.7%	0.8
5	Electronics/Technology	15.3%	17.7%	1.2
6	Food & Beverages	13.8%	32.1%	2.3
7	Graphics/Publishing	11.8%	20.3%	1.7
8	Leather & Footwear	6.2%	- 4.0%	- 0.6
9	Metal Works	19.2%	89.3%	4.7
10	Mining	38.2%	26.6%	0.7
11	Other Industries	18.1%	50.7%	2.8
12	Plastics & Rubber	19.8%	2.5%	0.1
13	Textiles & Apparel	11.7%	40.4%	3.4
17	Transportation/Automobiles	31.3	- 61.1%	- 2.0
18	Wood and Furniture	16.9%	1.8%	0.1

N.B.: Three of the 18 sectors were not compared by AFINE because they are not classified as industries involved in health, services, and security or similar activities.

PERFORMANCE INDICATORS

Analysis by Sector

This analysis compares the financial indicators relative to the results or performance of the NEST-AFINE enterprises with those participating in the CED-USAID Program. To this end, it examines indicators such as current ratio, asset turnover, level of indebtedness, gross margin, operating margin, net margin, return on assets, and return on equity. The comparison has been made at the sector and regional-departmental level. The Comparison column refers to the 2005 indicators. If the performance of the enterprises in the CED Program recorded an improvement in 2005, the results are indicated with a plus sign.

We can see that both at the sector level and at the regional-departmental level, the group of companies participating in the CED-USAID Program generally performed better than SMEs in the nationwide NEST-AFINE database. In some cases the performance results were comparatively worse, but not necessarily poor. In the sectors and regions-departments where the Program was conducted more intensively, all enterprises had positive results.

The following pages show the three sectors with the best performance and the three departments that at the end of the Program had the best indicators in comparison with the NEST-AFINE SME database.

National sectors: Textiles and apparel, services, food and beverages

Regions-Departments: Antioquia, Valle del Cauca, Risaralda

National analysis - textile and apparel sector

- Categories in which the enterprises included in the Program performed better: 7/8
- CED-USAID enterprises evaluated: 43
- Enterprises in the AFINE 2005 database: 346
- The most important differentiating characteristic between the enterprises in the CED-USAID Program and those in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better. See Table No. 12.

Table No. 12 - Performance Indicators - Analysis of the Textile and Apparel Sector

SMEs Textile & Apparel					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	382,812	445,011	675,482		64,126	83,007	96,129
Property, Plant, & Equipment	110,248	120,112	161,015		16,444	24,731	25,547
Noncurrent Assets	175,565	198,411	254,710		22,878	35,039	32,459
Total Assets	558,376	643,422	930,192		87,004	118,046	128,588
Current Liabilities	241,454	299,261	503,261		42,220	57,383	63,880
Total Noncurrent Liabilities	57,595	69,545	87,474		10,681	15,652	16,525
Total Liabilities	299,050	368,807	590,735		52,901	73,035	80,405
Total Equity	259,327	274,615	339,457		34,103	45,011	48,183
Total Liabilities & Equity	558,376	643,422	930,192		87,004	118,046	128,588
LOSSES / GAINS					2003	2004	2005
Sales	628,268	721,863	1,137,506		149,529	200,718	204,437
Sales Costs	454,144	531,821	840,266		117,312	158,445	156,722
Gross profit	174,124	190,042	297,240		32,217	42,273	47,715
Operating Expenses	146,044	176,409	278,065		26,416	32,491	39,701
Operating Income	28,081	13,633	19,175		5,799	9,791	8,015
Net Income	8,241	-6,522	-19,686		2,702	7,982	9,121
INDICATORS				Comparison	2003	2004	2005
Working Capital Ratio	1.59	1.49	1.34	+	1.52	1.45	1.50
Asset Turnover	1.13	1.12	1.22	+	1.72	1.70	1.59
Level of Indebtedness	53.56%	57.32%	63.51%	+	60.8%	61.9%	62.5%
Gross Margin	27.71%	26.33%	26.13%	-	21.5%	21.1%	23.3%
Operating Margin	4.47%	1.89%	1.69%	+	3.9%	4.9%	3.9%
Net Margin	1.31%	-0.90%	-1.73%	+	1.8%	4.0%	4.5%
ROA	1.48%	-1.01%	-2.12%	+	3.1%	6.8%	7.1%
ROE	3.18%	-2.37%	-5.80%	+	7.9%	17.7%	18.9%
No. MSME's	119	127	180	No. Enterprises	43	43	43
No. SME's	29	49	186				

National Analysis - Services Sector

- Categories in which the enterprises included in the Program performed better: 4/8
- CED-USAID enterprises evaluated: 32
- Enterprises in the AFINE 2005 database: 1,587
- The most important differentiating characteristic between the enterprises in the CED Program-USAID and those included in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better. See Table No. 13.

Table No. 13 - Performance Indicators - Analysis of the Service Sector

SMEs Services					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	849,470	1,107,728	1,746,596		24,669	33,985	44,753
Property, Plant, & Equipment	300,665	332,417	593,948		17,596	32,977	27,578
Noncurrent Assets	819,182	926,021	1,367,884		34,549	42,395	53,115
Total Assets	1,668,653	1,997,749	3,114,480		59,219	76,379	97,869
Current Liabilities	563,373	720,101	1,178,153		23,253	32,867	37,904
Total Noncurrent Liabilities	183,446	187,005	291,890		4,870	7,252	12,068
Total Liabilities	746,819	907,105	1,470,043		28,123	40,119	49,971
Total Equity	921,834	1,090,644	1,644,438		31,096	36,261	47,897
Total Liabilities & Equity	1,668,653	1,997,749	3,114,480		59,219	76,379	47,897
LOSSES / GAINS					2003	2004	2005
Sales	2,055,852	2,719,300	4,545,965		56,774	73,964	92,673
Sales Costs	986,013	1,465,312	2,363,033		39,313	49,648	65,693
Gross profit	1,069,839	1,253,988	2,182,932		17,461	24,317	26,980
Operating Expenses	996,483	1,188,618	1,985,062		14,884	18,040	18,640
Operating Income	73,356	65,370	197,869		2,577	6,277	8,340
Net Income	32,690	32,816	109,342		2,640	3,376	3,493
INDICATORS	2003	2004	2005	Comparison	2003	2004	2005
Working Capital Ratio	1.51	1.49	1.48	-	1.06	1.03	1.18
Asset Turnover	1.23	1.36	1.46	-	.96	.97	.95
Level of Indebtedness	44.76%	45.41%	47.20%	-	47.5%	52.5%	51.1%
Gross Margin	52.04%	46.11%	48.02%	-	30.8%	32.9%	29.1%
Operating Margin	3.57%	2.40%	4.35%	+	4.5%	8.5%	9.0%
Net Margin	1.59%	1.21%	2.41%	+	4.7%	4.6%	3.8%
ROA	1.96%	1.64%	3.51%	+	4.5%	4.4%	3.6%
ROE	3.55%	3.01%	6.65%	+	8.5%	9.3%	7.3%
No. MSME's	345	375	498				
No. SME's	217	318	1089	No. Enterprises	32	32	32

National Analysis - Food and Beverages Sector

- Categories in which the enterprises included in the Program performed better: 6/8
- CED-USAID enterprises evaluated: 29
- Enterprises in the AFINE 2,005 database: 210
- The most important differentiating characteristic between the enterprises in the CED Program-USAID and those in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better. See Table No. 14.

Table No. 14 - Performance Indicators - Analysis of the Food and Beverage Sector

SMEs Food & Beverage					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	227,843	258,940	336,627		30,097	41,967	49,568
Property, Plant, & Equipment	121,753	134,859	179,026		19,639	24,845	28,687
Noncurrent Assets	224,029	252,597	333,768		24,770	31,809	36,882
Total Assets	451,872	511,537	670,395		54,867	73,776	86,450
Current Liabilities	163,361	198,355	265,928		19,608	29,282	33,697
Total Noncurrent Liabilities	42,831	50,166	71,426		2,075	5,960	10,191
Total Liabilities	206,192	248,522	337,354		21,683	35,241	43,888
Total Equity	245,681	263,015	333,041		33,184	38,535	42,562
Total Liabilities & Equity	451,872	511,537	670,395		54,867	73,776	86,450
LOSSES / GAINS					2003	2004	2005
Sales	812,886	991,939	1,250,519		109,441	128,811	149,620
Sales Costs	626,169	764,898	967,406		83,941	92,721	109,151
Gross profit	186,716	227,041	283,113		25,500	36,090	40,469
Operating Expenses	164,135	199,000	257,061		19,926	27,660	34,789
Operating Income	22,581	28,042	26,051		5,574	8,430	5,680
Net Income	5,861	5,067	-1,715		2,012	2,706	2,884
INDICATORS	2003	2004	2005	Comparison	2003	2004	2005
Working Capital Ratio	1.39	1.31	1.27	+	1.53	1.43	1.47
Asset Turnover	1.80	1.94	1.87	-	1.99	1.75	1.73
Level of Indebtedness	45.63%	48.58%	50.32%	-	39.5%	47.8%	50.8%
Gross Margin	22.97%	22.89%	22.64%	+	23.3%	28.0%	27.0%
Operating Margin	2.78%	2.83%	2.08%	+	5.1%	6.5%	3.8%
Net Margin	.72%	.51%	-0.14%	+	1.8%	2.1%	1.9%
ROA	1.30%	.99%	-0.26%	+	3.7%	3.7%	3.3%
ROE	2.39%	1.93%	-0.52%	+	6.1%	7.0%	6.8%
No. MSME's	84	87	109	No. Enterprises	29	29	29
No. SME's	22	35	101				

An analysis at the regional level, specifically using a department-by-department comparison with the NEST-AFINE database, shows that the three departments with the best financial results vis-à-vis the nationwide results are Antioquia, Valle del Cauca, and Risaralda:

Analysis by Region: Antioquia

- Categories in which the enterprises included in the Program performed better: 7/8
- CED-USAID enterprises evaluated: 103
- Enterprises in the AFINE 2005 database: 2,011
- The most important differentiating characteristic between the enterprises in the CED Program-USAID and those in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better. See Table No. 15.

Table No. 15 - Performance Indicators – Analysis by Region: Antioquia

SMEs - ANTIOQUIA					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	1,479,157	1,939,068	3,284,229		115,362	139,304	160,979
Property, Plant, & Equipment	404,000	482,904	962,239		39,215	51,788	60,226
Noncurrent Assets	1,039,581	1,236,037	2,076,546		58,066	72,090	83,269
Total Assets	2,518,738	3,175,105	5,360,775		173,428	211,394	244,248
Current Liabilities	897,096	1,207,531	2,154,921		73,021	88,841	97,118
Total Noncurrent Liabilities	242,199	308,674	525,731		15,198	20,744	25,665
Total Liabilities	1,139,295	1,516,206	2,680,651		88,219	109,585	122,783
Total Equity	1,379,444	1,658,899	2,680,123		85,210	101,809	121,465
Total Liabilities & Equity	2,518,738	3,175,105	5,360,775		173,428	211,394	244,248
LOSSES / GAINS	2003	2004	2005		2003	2004	2005
Sales	3,351,856	4,729,015	7,762,132		282,282	345,184	384,257
Sales Costs	2,542,919	3,640,872	5,859,100		208,260	246,093	270,403
Gross profit	808,937	1,088,143	1,903,032		74,021	99,091	113,854
Operating Expenses	736,467	972,282	1,722,491		57,964	74,699	86,691
Operating Income	72,469	115,861	180,541		16,058	24,392	27,164
Net Income	27,249	64,550	103,777		4,482	12,107	16,496
INDICATORS	2003	2004	2005	Comparison	2003	2004	2005
Working Capital Ratio	1.65	1.61	1.52	+	1.58	1.57	1.66
Asset Turnover	1.33	1.49	1.45	+	1.63	1.63	1.57
Level of Indebtedness	45.23%	47.75%	50.00%	-	50.9%	51.8%	50.3%
Gross Margin	24.13%	23.01%	24.52%	+	26.2%	28.7%	29.6%
Operating Margin	2.16%	2.45%	2.33%	+	5.7%	7.1%	7.1%
Net Margin	.81%	1.36%	1.34%	+	1.6%	3.5%	4.3%
ROA	1.08%	2.03%	1.94%	+	2.6%	5.7%	6.8%
ROE	1.98%	3.89%	3.87%	+	5.3%	11.9%	13.6%
No. MSME's	519	594	893				
No. SME's	158	235	1118	No. Enterprises	103	103	103

Analysis by Region: Valle del Cauca

- Categories in which the enterprises included in the Program performed better: 6/8
- CED-USAID enterprises evaluated: 62
- Enterprises in the AFINE 2005 database: 1,882
- The most important differentiating characteristic between the enterprises in the CED Program-USAID and those in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better. See Table No. 16.

Table No. 16 - Performance indicators – Analysis by Region: Valle del Cauca

SMEs – Valle del Cauca					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	1,004,093	1,324,572	2,398,460		104,123	137,982	158,456
Property, Plant, & Equipment	451,333	528,889	963,575		41,010	57,777	71,690
Noncurrent Assets	1,146,423	1,277,060	2,062,797		70,240	99,725	119,082
Total Assets	2,150,516	2,601,632	4,461,257		174,363	237,707	277,539
Current Liabilities	621,201	828,564	1,626,655		61,945	81,094	108,214
Total Noncurrent Liabilities	207,150	234,090	451,878		17,018	33,355	22,777
Total Liabilities	828,352	1,062,654	2,078,532		78,963	114,449	130,991
Total Equity	1,322,164	1,538,978	2,382,725		95,400	123,257	146,548
Total Liabilities & Equity	2,150,516	2,601,632	4,461,257		174,363	237,706	277,539
LOSSES / GAINS	2003	2004	2005		2003	2004	2005
Sales	2,259,521	3,209,781	5,639,098		322,705	408,202	459,457
Sales Costs	1,736,516	2,470,432	4,294,815		261,075	332,078	368,153
Gross profit	523,005	739,350	1,344,283		61,630	76,123	91,304
Operating Expenses	465,459	633,783	1,156,247		46,399	56,210	66,400
Operating Income	57,546	105,566	188,036		15,231	19,913	24,904
Net Income	-6,747	9,158	96,369		12,615	19,110	20,108
INDICATORS	2003	2004	2005	Comparison	2003	2004	2005
Working Capital Ratio	1.62	1.60	1.47	-	1.68	1.70	1.46
Asset Turnover	1.05	1.23	1.26	+	1.85	1.72	1.66
Level of Indebtedness	38.52%	40.85%	46.59%	-	45.3%	48.1%	47.2%
Gross Margin	23.15%	23.03%	23.84%	-	19.1%	18.6%	19.9%
Operating Margin	2.55%	3.29%	3.33%	+	4.7%	4.9%	5.4%
Net Margin	-0.30%	0.29%	1.71%	+	3.9%	4.7%	4.4%
ROA	-0.31%	0.35%	2.16%	+	7.2%	8.0%	7.2%
ROE	-0.51%	0.60%	4.04%	+	13.2%	15.5%	13.7%
No. MSME's	436	482	721				
No. SME's	193	320	1181	No. Enterprises	62	62	62

Analysis by Region: Risaralda

Categories in which the enterprises included in the Program performed better: 6/8

- CED-USAID enterprises evaluated: 25
- Enterprises in the AFINE 2005 database: 257
- The most important differentiating characteristic between the enterprises in the CED Program-USAID and those in the AFINE database is profit margins.
- Conclusion: The enterprises included in the CED-USAID Program performed better.
- N.B.: The results combine information from Pereira and Dosquebradas. See Table No. 17.

Table No. 17 - Performance Indicators – Analysis by Region: Risaralda

SMEs - Risaralda					CARANA		
BALANCE	2003	2004	2005		2003	2004	2005
Current Assets	153,519	250,748	403,118		57,762	65,684	68,855
Property, Plant, & Equipment	72,545	88,699	128,245		23,474	35,901	17,888
Noncurrent Assets	99,408	128,387	202,467		27,660	31,184	26,126
Total Assets	252,928	379,135	605,585		85,422	96,868	94,981
Current Liabilities	85,686	142,080	265,453		34,898	41,187	42,922
Total Noncurrent Liabilities	20,689	23,515	39,194		13,224	10,254	6,962
Total Liabilities	106,375	165,595	304,647		48,122	51,441	49,884
Total Equity	146,553	213,539	300,938		37,300	45,427	46,772
Total Liabilities & Equity	252,928	379,135	605,585		85,422	96,868	96,655
LOSSES / GAINS					2003	2004	2005
Sales	409,575	882,957	1,314,620		118,553	150,789	174,683
Sales Costs	330,996	759,404	1,109,351		93,786	118,634	137,017
Gross profit	78,579	123,553	205,268		24,767	32,155	37,666
Operating Expenses	61,569	113,793	182,527		18,640	23,715	28,359
Operating Income	17,010	9,760	22,741		6,127	8,440	9,306
Net Income	13,316	12,529	10,920		3,151	4,366	3,779
INDICATORS				Comparison	2003	2004	2005
Working Capital Ratio	1.79	1.76	1.52	+	1.66	1.59	1.60
Asset Turnover	1.62	2.33	2.17	-	1.39	1.56	1.84
Level of Indebtedness	42.06%	43.68%	50.31%	-	56.3%	53.1%	52.5%
Gross Margin	19.19%	13.99%	15.61%	+	20.9%	21.3%	21.6%
Operating Margin	4.15%	1.11%	1.73%	+	5.2%	5.6%	5.3%
Net Margin	3.25%	1.42%	0.83%	+	2.7%	2.9%	2.2%
ROA	5.26%	3.30%	1.80%	+	3.7%	4.5%	4.0%
ROE	9.09%	5.87%	3.63%	+	8.4%	9.6%	8.1%
No. MSME's	51	68	93	No. Enterprises	25	25	25
No. SME's	16	38	164				

BUSINESS IMPACT

The survey of SMEs participating in the CED-USAID Program was used to obtain source information. This information, in turn, made it possible to draw inferences about the interventions.

The information on the interventions was consolidated according to the issues addressed by the consultancy assignment, as follows:

- Marketing: national and international
- Finance-management: improvement in profitability - certifications and technology
- Production/operations: development of new products or services and expansion of output capacity

Marketing Projects

Although the projects contracted by the SMEs participating in the CED-USAID Program involved different issues and varying degrees of complexity, they can be classified as follows:

- Those that formulated and implemented national marketing plans according to strategies to encourage market, product, or service diversification and to expand coverage, among other objectives;
- Those that evaluated and designed strategies to meet demand in international markets.

Table No. 18 breaks down this information by operator regarding all enterprises that increased their market share (41% did so domestically and 13% internationally). The most salient aspects of this increased market share are as follows:

- The enterprises in Santander, Risaralda, and Quindío stood out for increasing their share of the domestic market, due partially to the higher penetration in regional markets in the Coffee Axis region, Valle del Cauca, and Bogotá.
- As far as expansion into international markets is concerned, the Chambers of Commerce of Barranquilla and Manizales notably recorded a 13% increase. The increase in Manizales, however, was attributed to a single company.
- Forty-one percent of the enterprises expanded their domestic market share. A large number of the enterprises carrying out projects of this nature, in both domestic and international markets, however, are in Antioquia.
- As far as expanding their international market shares is concerned, in the smaller regions, such as the Atlantic Coast, the Coffee Axis, and the Central Eastern regions, the percentage of enterprises conducting such projects is higher than in the larger regions.
- In absolute numbers, the enterprises in the textiles and apparel sector increased their domestic market share the most, although in percentage terms, the enterprises in the transportation and automobiles sector carried out the largest number of marketing projects.

- Regarding growth in the international market, in absolute numbers the textiles and apparel sector also stood out, although in percentage terms the chemicals sector had the largest increase in market share.

Table No. 18 - Growth of Market Share by Operator

Operator	Enterprises	Increased Share of Domestic Market	Participation	Estimated Number of all Enterprises	Increased Share of International Market	Participation	Estimated Number of all Enterprises
C.C. Armenia	14	5	2%	9	0	0%	0
C.C. Barranquilla	32	8	3%	15	4	1%	8
C.C. Bucaramanga	25	10	3%	19	2	1%	4
C.C. Dosquebradas	12	6	2%	11	1	0%	2
C.C. Ibague	34	8	3%	15	2	1%	4
C.C. Manizales	8	2	1%	4	1	0%	2
C.C. Medellin for Antioquia	288	43	14%	81	20	7%	38
C.C. Pereira	23	13	4%	25	2	1%	4
Centro Nacional de Productividad	128	28	9%	53	8	3%	15
Total	564	123	41%	232	40	13%	75

Management, Finance, and Certification Projects

Nationwide, SMEs that conducted management, finance, and certification projects mainly submitted applications with the intention of improving their competitiveness or gaining access to financial resources from lending institutions. Consequently, there was a predominance of consultancy assignments focused on implementing ISO 9001 systems, version 2000; good manufacturing practices (Hazard Analysis Critical Control Points - HACCP); and product standards, among others. Forty-seven percent of the enterprises conducted processes to prepare for certification.

Table No. 19 gives statistics on these projects. The most salient findings are as follows:

- The highest percentages of enterprises conducting management and finance projects were those working with operators in Tolima, Caldas, Santander, and Risaralda.
- There is a correlation between enterprises conducting this type of projects and those that underwent a certification process, since enterprises working with operators in the aforementioned departments had the highest percentage of standards certifications.
- The Central Eastern region had the highest percentage of enterprises conducting management and finance projects (49%) and certifications (59%), with twice the national average for both indicators.

Table No. 19 - Management, Finance, and Certification Projects by Operator

Operator	Enterprises	Management & Finance Projects	Participation	Estimated Number of all Enterprises	Certification	Participation	Estimated Number of all Enterprises
C.C. Armenia	14	3	1%	6	6	2%	11
C.C. Barranquilla	32	7	2%	13	18	56%	317
C.C. Bucaramanga	25	11	4%	21	20	80%	451
C.C. Dosquebradas	12	3	1%	6	10	83%	470
C.C. Ibague	34	18	6%	34	23	68%	382
C.C. Manizales	8	5	2%	9	6	75%	423
C.C. Medellin for Antioquia	288	56	19%	106	132	46%	259
C.C. Pereira	23	10	3%	19	17	74%	417
Centro Nacional de Productividad (National Center of Productivity)	128	27	9%	51	67	52%	295
Total	564	140	47%	264	299	53%	299

Antioquia was the department with the largest number of management, finance, and certification projects, with just under 20% of all enterprises there taking part in such projects. See Table No. 20.

Table No. 20 – Management, Finance, and Certification Projects by Region

Region	Enterprises	Management & Finance Projects	Participation	Estimated Number of all Enterprises	Certification	Participation	Estimated Number of all Enterprises
Antioquia	288	56	19%	106	46	15%	87
Atlantic Coast	32	7	2%	13	10	3%	19
Coffee Axis	57	21	7%	40	14	5%	26
Western Region & Valle del Cauca	128	27	9%	51	31	10%	58
Central Eastern	59	29	10%	55	35	12%	66
Total	564	140	47%	264	136	45%	257

Enterprises in the services sector (including, security and transport) generally placed greater emphasis on management and finance projects. One of the reasons for this is the need to obtain quality certifications in order to be competitive in the market. This information is detailed in Table No. 21.

Table No. 21 - Management, Finance, and Certification Projects by Sector

Sector	Enterprises	Management and Finance Projects	Part.	Estimated No. of all Enterprises	Certifications	Part.	Estimated No. of all Enterprises
Agribusiness	22	5	2%	9	5	2%	9
Chemicals	3	1	0%	2	1	0%	2
Commercialization	38	14	5%	26	8	3%	15
Construction – Real Estate	12	5	2%	9	4	1%	8
Electric and Technology	21	10	3%	19	10	3%	19
Food and Beverages	44	9	3%	17	13	4%	25
Graphics, Publishing	13	5	2%	9	6	2%	11
Health	14	1	0%	2	4	1%	8
Leather and Footwear	48	11	4%	21	11	4%	21
Metal Works	37	11	4%	21	8	3%	15
Mining	4	3	1%	6	2	1%	4
Other Industries	26	5	2%	9	7	2%	13
Plastics and Rubber	17	4	1%	8	7	2%	13
Security	14	5	2%	9	8	3%	15
Services	51	16	5%	30	21	7%	40
Textiles and Apparel	168	23	8%	43	13	4%	25
Transportation / Automobiles	16	9	3%	17	5	2%	9
Wood and Furniture	16	3	1%	6	3	1%	6
Overall Total	564	140	47%	264	136	45%	257

Production-Related Projects

Manufacturing SMEs showed much interest in raising their competitiveness and productivity by improving their production systems and plans. They implemented new technologies in logistics, production management, production scheduling, value chains, lean-manufacturing systems, and techniques based on the theory of constraints.

- Enterprises in the Medellín Chamber of Commerce and the Cali CNP created the largest number of new products and implemented the largest number of new technologies.
- The results also show how the enterprises belonging to the Barranquilla and Pereira Chambers of Commerce sought to create new products through their intervention projects.
- The number of enterprises in Bucaramanga implementing new technologies in their expansion projects is also noteworthy. See Table No. 22.

Table No. 22 - Production Projects by Operator

Operator	Enterprises	Created New Products	Part.	Estimated No. of all Enterprises	Implemented New Technologies	Part.	Estimated No. of all Enterprises	Created New Products and Implemented New Technologies	Part.	Estimated No. of all Enterprises
Chamber of Commerce of Armenia	14	3	1%	6	3	1%	6	2	1%	4
Chamber of Commerce of Barranquilla	32	7	2%	13	10	3%	19	6	2%	11
Chamber of Commerce of Bucaramanga	25	5	2%	9	12	4%	23	3	1%	6
Chamber of Commerce Dosquebradas	12	3	1%	6	5	2%	9	2	1%	4
Chamber of Commerce of Ibagué	34	2	1%	4	10	3%	19	2	1%	4
Chamber of Commerce of Manizales	8	1	0%	2	4	1%	8	0	0%	0
Chamber of Commerce of Medellín for Antioquia	288	40	13%	75	57	19%	108	31	10%	58
Chamber of Commerce of Pereira	23	7	2%	13	11	4%	21	7	2%	13
Centro Nacional de Productividad	128	16	5%	30	26	9%	49	7	2%	13
Total	564	84	28%	158	138	46%	260	60	20%	113

- In the Coffee Axis region, 11 enterprises created new products and simultaneously implemented new technologies. The enterprises in Pereira and Dosquebradas stood out in creating new products.
- The operators with the largest percentage of enterprises implementing new technologies were the Chambers of Commerce of Manizales (50%), Bucaramanga (48%), and Pereira (48%).
- Enterprises in Manizales generally implemented new technologies or created new products, although none of them did both. See Table No. 23.

Table No. 23 - Production Projects by Region

Operator	Enterprises	Created New Products	Part	Estimated No. of All Enterprises	Implemented New Technologies	Part	Estimated No. of All Enterprises	Created New Products and Implemented New Technologies	Part	Estimated No. of All Enterprises
Antioquia	288	40	13%	75	57	19%	108	31	10%	58
Central Eastern Region	59	7	2%	13	22	7%	41	5	2%	9
Atlantic Coast	32	7	2%	13	10	3%	19	6	2%	11
Coffee Axis	57	14	5%	26	23	8%	43	11	4%	21
Valle del Cauca and Western Region	128	16	5%	30	26	9%	49	7	2%	13
Overall Total	564	84	28%	158	138	46%	260	60	20%	113

- The textiles and apparel, services, and food and beverages sectors had the largest number of enterprises implementing new technologies. These enterprises generally introduced a new product line to complement existing products.
- Enterprises in the textiles and apparel, automobile transportation, and food and beverages sectors carried out the most projects in which new products were created and new technologies were implemented. See Table No. 24.

Table No. 24 - Production Projects by Sector

Economic Sector	Enterprises	Created New Products	Part.	Estimated Number of all Enterprises	Implemented New Technologies	Part	Estimated Number of All Enterprises	Created New Products & Implemented New Technologies	Part	Estimated Number of all Enterprises
Agribusiness	22	5	2%	9	5	2%	9	3	1%	6
Chemicals	3	1	0%	2	1	0%	2	1	0%	2
Commercialization (Marketing)	38	1	0%	2	10	3%	19	1	0%	2
Construction - Real Estate	12	1	0%	2	3	1%	6	1	0%	2
Electronics/Technology	21	4	1%	8	6	2%	11	2	1	4
Food & Beverages	44	12	4%	23	12	4%	23	6	2%	11
Graphics/Publishing	13	2	1%	4	5	2	9	2	1%	4
Health	14	2	1%	4	3	1%	6	1	0%	2
Leather & Footwear	48	4	1%	8	7	2%	13	2	1%	4
Metal Works	37	4	1%	8	9	3%	17	2	1%	4
Mining	4	1	0%	2	3	1%	6	1	0%	2
Other Industries	26	1	0%	2	2	1%	4	1	0%	2
Plastics & Rubber	17	6	2%	11	6	2%	11	4	1%	8
Security	14	1	0%	2	4	1%	8	1	0%	2
Services	51	6	2%	11	14	5%	26	3	1%	6
Textiles & Apparel	168	20	7%	38	34	11%	64	18	6%	34
Transportation/Automobiles	16	7	2	13	8	3%	15	6	2%	11
Wood & Furniture	16	6	2%	11	6	2%	11	5	2%	9
Total	564	84	28%	158	138	46%	260	60	20%	113

OTHER OUTCOMES OF THE CED-USAID PROGRAM

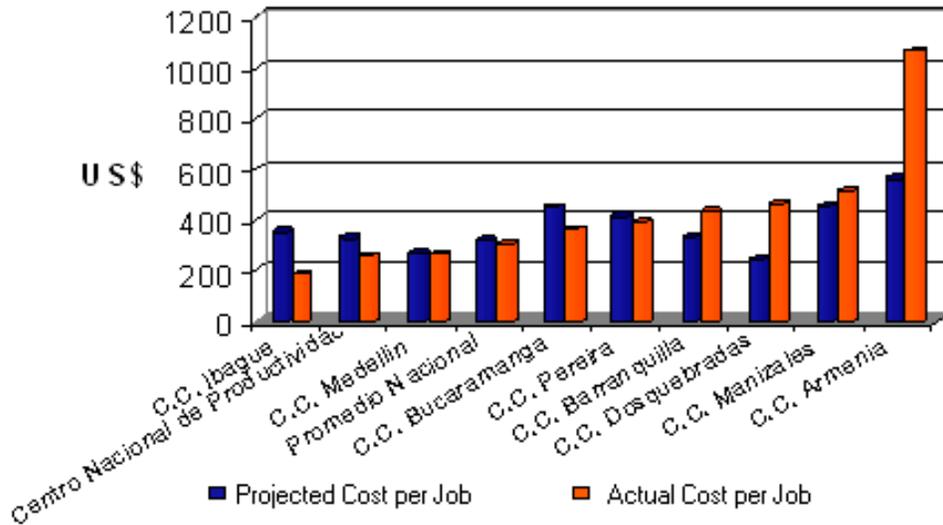
The CED Program's findings include other, non-contract-based indicators related to qualitative and quantitative issues that are important for gauging business development and economic development among Colombian SMEs. The most important indicators of this type are presented below:

Projected vs. Actual Cost per Job

Analysis by Operator

- The projected average cost per job created was US\$318, whereas the actual cost was US\$298, because more jobs were created than expected.
- Although Dosquebradas was initially expected to have the lowest cost per job created, Ibagué's cost was the lowest, at US\$182, or 48% less than projected.
- In the Chamber of Commerce of Armenia, the opposite was true, since the job-creation target was not met, raising the actual cost per job created to more than US\$1,000. See Graph No. 7.

Graph No. 7
Projected vs. Actual Cost per Job, by Operator

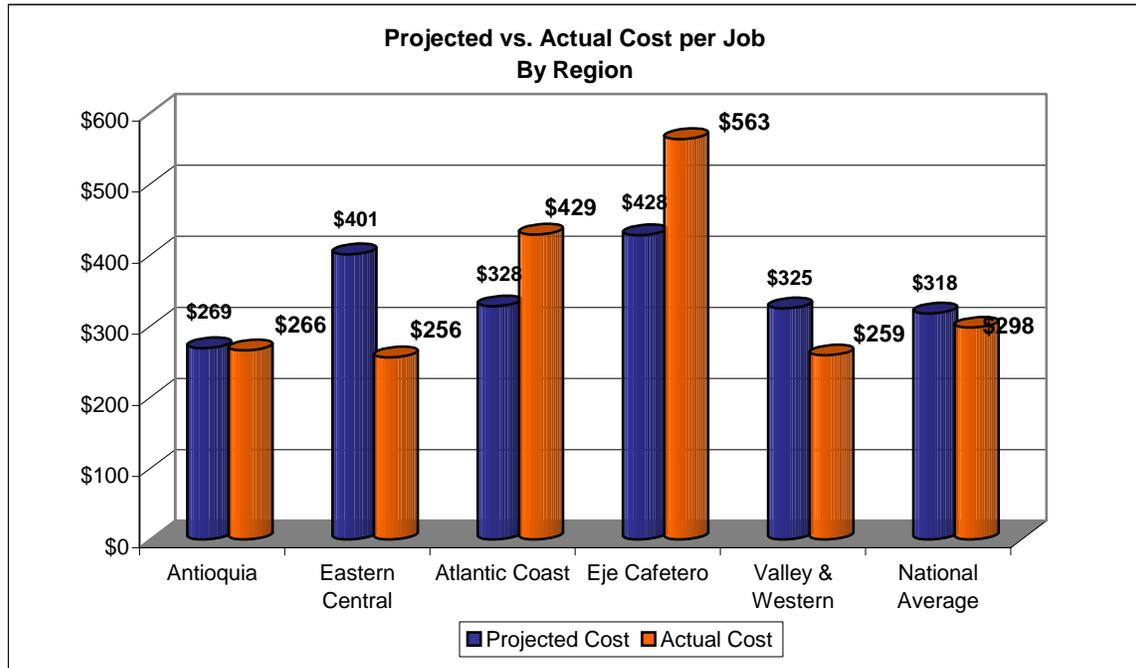


N.B. “Promedio Nacional” means “National Average.” “Centro Nacional de Productividad can be translated as, “National Center of Productivity.”

Analysis by Region

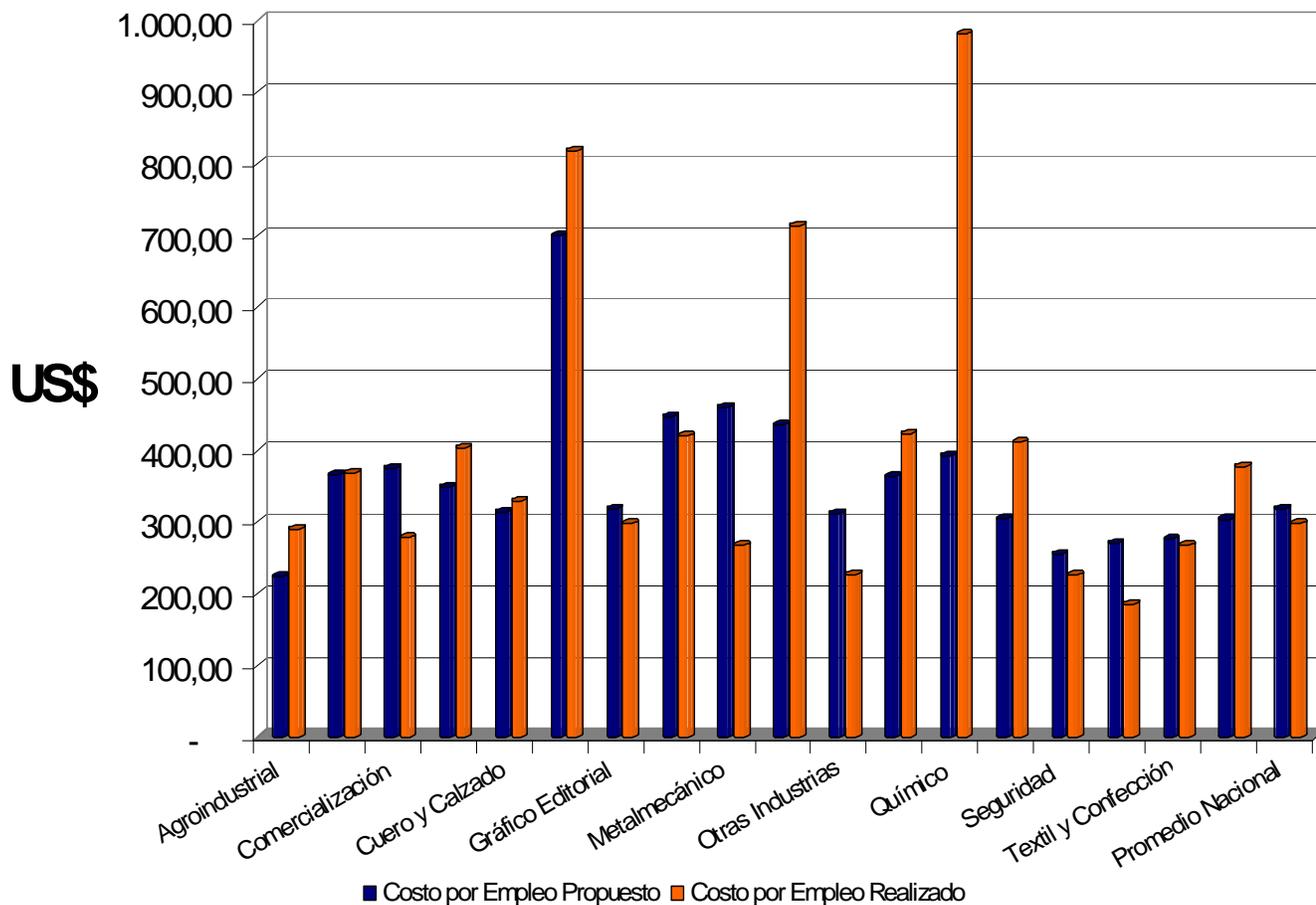
- Not only did the Eastern Central region create jobs more efficiently; it also created them at a lower cost than did the other regions.
- In all regions except the Coffee Axis, the cost of each job created was less than US\$500. It is important to note that the areas lacking a solid structure and a pool of experienced consultants had to be covered with independent consultants or consulting firms from other cities. These consultants had to travel to provide services to the enterprises, leading to higher consultancy costs in some regions. See Graph No. 8.

Graph No. 8 Projected vs. Actual Cost per Job, by Region



Analysis by Sector

- The metal works sector stood out for the low cost it incurred in the creation of new jobs: whereas US\$460 per job had been budgeted, the actual cost was only US\$292.
- The cost of creating jobs in the chemicals sector was higher than expected since significantly fewer jobs were created than had been projected. See Graph No. 9.



Graph No. 9 Projected vs. Actual Cost per Job, by Sector

Credit Support for SMEs

Although the CED Program did not provide enterprises with financial support for investing in infrastructure, the participation of banking experts was considered crucial. These experts took part in the financial evaluation and revision of SMEs that wanted this service and that chose to apply for loans from Colombian financial entities.

Hence, agreements were reached with leading banking institutions, including Bancolombia, Banco de Occidente, and Banco de Bogotá. Also, expertise was provided for BANCOLDEX to design a service line for SMEs. The name of this service is "A PROGRESAR." Once the work of the CED Program had concluded, the CED Finance Division reported the following results:

Region	Total	
	No. of Enterprises	Value (Millions of COP)
Valle del Cauca	96	46,592
Antioquia	162	36,802
Quindío	5	16,748
Atlantic Coast	27	12,403
Risaralda	24	8,793
Tolima	16	3,778
Santanderes	17	3,567
Caldas	5	1,059
Total	352	129,742

* Equivalent to approximately US\$60 million at an average exchange rate of 2,150 COP/US\$1.

Training and Events

The CED Program held several events and training sessions for operators, consultants, and SME owners. All the events and training sessions conducted by the Program are listed below:

TYPE OF EVENT	DATE	CITY	No. of EVENTS	No. of PERSONS ATTENDING
PROGRAM LAUNCH	January-February 2005	Armenia	1	249
PROGRAM LAUNCH	January-February 2005	Barranquilla	1	194
PROGRAM LAUNCH	January-February 2005	Bucaramanga	1	204
PROGRAM LAUNCH	January-February 2005	Dosquebradas	1	446
PROGRAM LAUNCH	January-February 2005	Ibagué	1	114
PROGRAM LAUNCH	January-February 2005	Manizales	1	101
PROGRAM LAUNCH	January-February 2005	Medellín	1	578
PROGRAM LAUNCH	January-February 2005	Pereira	1	264
PROGRAM LAUNCH	March 2005	Cali	1	950
PROGRAM LAUNCH	April 2005	Neiva	1	300
Close, Coffee Axis, Tolima, and Huila	9 June 2006	Armenia	1	80
Close, Atlantic Coast	6 July 2006	Barranquilla	1	50
Close, Valle del Cauca	12 July 2006	Cali	1	150
Close, Antioquia	19 July 2006	Medellín	1	200
			14	3,880
SUPPLIER GATHERING (GM - SOFASA)	March 2004	Medellín	1	40
SUPPLIER GATHERING (PASSICOL)	June 2004	Chinchiná	1	15
SUPPLIER GATHERING (CONFAMILIARES)	June 2004	Manizales	1	50
SUPPLIER GATHERING (ANDERCOL)	July 2004	Medellín	1	50
CARANET TRAINING	September 2004- January 2005	Barranquilla	3	68
CARANET TRAINING	September-December 2004	Medellín	3	136
CARANET TRAINING	September 2004- January 2005	Cali	2	77
CARANET TRAINING	February 2005	Pereira	1	20
INFORMAL TALK, FINANCE	8 August 2005	Bogotá	1	79

TYPE OF EVENT	DATE	CITY	No. of EVENTS	No. of PERSONS ATTENDING
PRESS CONFERENCE	12 August 2005	Medellín	1	10
MSME SERVICES TRADE SHOW	25-26 August 2005	Bogotá	1	2,000
IBAGUÉ ENTREPRENEURIAL CONSULTANCY	6-7 September 2005	Ibagué	1	250
90th ANNIVERSARY, BUCARAMANGA CHAMBER OF COMMERCE	20-21 September 2005	Bucaramanga	1	500
INFORMAL TALK, MARKETING	22 September 2005	Bogotá	1	50
PRESS CONFERENCE	27 September 2005	Cali	1	6
CARANA-USAID LUNCHEON	14 October 2005	Cali	1	14
ANTIOQUIA ENTREPRENEURIAL MEETING	3-4 November 2005	Medellín	1	520
INFORMAL TALK, COSTS AND BUDGETS	28 November 2005	Bogotá	1	40
BUSINESS CONFERENCE AND SOCIAL ACTION EVENT	1 December 2005	Medellín	1	
DIPLOMA COURSE IN CONSULTANCY, COFFEE AXIS	26 August 2005-4 February 2006	Manizales	10	30
DIPLOMA COURSE IN CONSULTANCY, SANTANDER	2 September 2005-11 February 2006	Bucaramanga	10	28
DIPLOMA COURSE IN CONSULTANCY, TOLIMA AND HUILA	2 September 2005-18 February 2006	Ibagué	10	32
DIPLOMA COURSE IN CONSULTANCY, VALLE DEL CAUCA	4 August 2006-6 October 2006	Cali	10	23
DIPLOMA COURSE IN CONSULTANCY, ANTIOQUIA	4 August 2006-14 October 2006	Medellín	10	36
INFORMAL TALK, CERTIFICATIONS	30 January 2006	Bogotá	1	60
INFORMAL TALK, TAXES	27 February 2006	Bogotá	1	50
INFORMAL TALK, EXPORTS	27 March 2006	Bogotá	1	40
INFORMAL TALK, GOOD MANUFACTURING PRACTICES	30 May 2006	Bogotá	1	40
INFORMAL TALK, THEORY OF CONSTRAINTS	26 June 2006	Bogotá	1	30
			79	4,294
FTA FORUMS	August 2004	Bucaramanga	1	120
FTA FORUMS	August 2004	Medellín	1	120
FTA FORUMS	September 2004	Cali	1	120
FTA FORUMS	September 2004	Pereira	1	120
FTA FORUMS	September 2004	Barranquilla	1	120
FTA FORUMS	September 2004	Bogota - Bancoldex	1	35
FORUM, FINANCIAL AWARENESS	March 2005	Cali	1	45
FORUM, VENTURE CAPITAL	March 2005	Medellín	1	100
FORUM, VENTURE CAPITAL	March 2005	Cali	1	100
FORUM, VENTURE CAPITAL	March 2005	Barranquilla	1	100
FINANCING FOR SMEs	24 October 2005	Medellín	1	40
FINANCING FOR SMEs	25 October 2005	Cali	1	40
FORUM, FINANCIAL AWARENESS	6 October 2005	Barranquilla	1	60
FORUM, FINANCIAL AWARENESS	29 November 2005	Pereira	1	60
VALUE GENERATION AND CREATION FOR SMEs	2 December 2005	Cali	1	80
			15	1,260
			108	9,434

Public Relations and Communications

The Public Relations and Communications Division focused on developing processes to increase the CED Program's visibility among enterprises, consultants, and interested other parties. To this end, it undertook various actions, including:

- Compiling 103 success stories from all regions; the highest number was in Valle del Cauca, followed by Antioquia, the Coffee Axis, Tolima-Huila, and the Atlantic Coast.
- Publishing a webpage of the CED Program, mainly containing success stories by region, press communiqués, and news stories of interest. The number of monthly visitors increased by 25% including from countries such as Japan, Spain, Germany, Italy, and Argentina.
- Establishing a mechanism to hold monthly informal talks (called "Chats") via the Internet, to answer questions on various topics of interest to the business community. An expert on each topic participated, along with a moderator from the Program, who was in charge of determining the sequence of the questions.
- Issuing weekly press communiqués, based on the information provided on the success stories. The communiqués were forwarded to the print media and to radio and television outlets. Starting in July 2005, an average of 50 articles on the CED Program were published in the print media each month, along with some 200 mentions on the radio, and 4 or 5 television stories.
- Producing three promotions videos—the first in 2003; the second, in March 2005, with the midterm results of the program; and the last one in 2006, with a social perspective. Both Spanish and English versions of the videos were released in .
- In terms of publicity, binders and promotional material were prepared for distribution at the events.

Improving the Consultancy Market for SMEs

The CED-USAID Program succeeded in ensuring that the supply of consultancy services was in line with Colombian SMEs' demand for such services. Hence, it helped introduce a degree of reliability into this incipient, highly informal market, of which entrepreneurs have traditionally been wary and whose services they have often shunned. The Program developed a training plan to encourage the professionalization of consultancy services. It thus instilled trust in, and improved the credibility of, these services and promoted a business climate that encouraged SMEs to contract professional consultancy services in the short, medium, and long-term. The responses to the surveys conducted by the Program in May 2006 indicate that 86% of the SME owners were satisfied with the consultancy services, which underscores that the consultants' work was positive and added value to their businesses. This satisfaction with consultants will allow future contacts to be made and make it possible for the supply of consultancy services in the country to meet demand. This is an added and sustainable contribution of the CED-USAID Program.

KEY FACTORS FOR SUCCESS

During the Program, the key factors behind the results and those that allowed for the CED Program's successful conclusion in the eyes of business owners, consultants, operators, and the Colombian government were identified. The elements considered essential for the success of a program of this nature are listed below:

From a managerial standpoint, a program of this complexity should:

- Establish a clear structure, policies, and procedures for keeping all participants informed;
- Select permanent members of the Program team based on their professional achievements and human values;
- Minimize turnover among the permanent staff by providing fair and competitive compensation, incentives for good performance, and a clear identification of responsibilities;
- Create “a results-based culture,” making all parties know that their participation in the program depends on their contributions and avoiding a handout-type mentality;
- Conduct ongoing self-evaluations and take corrective actions as needed;
- Maintain ongoing, fluid, and transparent communication with all stakeholders in the program;
- Find ways to leverage the program's scope and resources through local stakeholders;
- Work hand in hand with USAID to develop strategies and solve problems, as well as maintain clarity regarding the program's objectives and expected outcomes;
- Make payments contingent on results;
- Continually design and redesign survey documents and formats to facilitate the creation of flexible and rapid processes;
- Encourage professionalization among available consultants and raise their level of awareness;
- Ensure that clients and consultants view the program as trustworthy and credible.

In terms of technical assistance to SMEs, the Program's success was based on the following practices:

- The establishment of methods, policies, and criteria to identify, formulate, and approve projects;
- The assessment of the projects' technical, economic, operational, and market viability;
- A strategy focused on collective, anchor, and cluster projects to achieve greater economic and social impact;
- Monitoring and follow-up based on work plans and deliverables from consultants and business owners, and arranging visits in accordance with the impact on the Program;
- Carrying out projects based on market demand and the business owners' vision;

- Carrying out projects in enterprises with sound financial statements, to achieve a stronger socioeconomic impact;
- Selecting business owners with a long-term vision;
- Ensuring the commitment and availability of the business owners' resources—they must pay for part of the assistance to guarantee their commitment to results;
- Opting for projects that can be executed in the short term;
- Properly selecting the team of consultants, who should have experience with SMEs and the appropriate academic background, thereby avoiding selection based on “connections”;
- Encouraging basic agreements between business owners and consultants regarding an intervention's scope and expected outcomes;
- Determining the key issues for the development of enterprises that will receive interventions;
- Promoting projects to be sustainable through sales growth;
- Encouraging proactive communication, to instill trust and credibility;
- Encouraging the active participation of business owners in the formulation, implementation, and evaluation processes, which in turn promotes transparency.