



USAID | COLOMBIA

DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMÉRICA

CELI NORTH / SOUTH

QUARTERLY REPORT
JULY - SEPTEMBER 2013

ANNUAL REPORT 2013

Contract No. AID-514-C-12-00001

October 2013.

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. for the Consolidation and Enhanced Livelihoods Initiative – Northern/Southern Region, contract number AID-514-C-12-00001





CHEMONICS

CONTRACTING OFFICER'S REPRESENTATIVE

David Alejandro Huertas

CONTACTS IN CHEMONICS

David Williamson Valenzuela Bowie: Chief of Party

Jose Felix Montoya: Deputy Chief of Party

Maria Paula Vargas González: Finance and Operations Director

Cover Photograph

Rubber crop producer in Tarazá (Antioquia)

Note

The opinions of the authors of this report do not necessarily represent the points of view of the United States Agency for International Development (USAID) or the United States Government.

TABLE OF CONTENTS

ACRONYMS	4
SECTION I	6
INTRODUCTION	6
SECTION II	7
REGIONAL AND NATIONAL CONTEXT	7
SECTION III	9
REGIONAL REPORTS	9
SECTION IV	18
SUPPORTING GRASSROOTS ORGANIZATIONS	18
SECTION V	19
M&E REPORT	19
SECTION VI	27
TRANSFORMING LIVES	27
SECTION VII	28
FINANCIAL PERFORMANCE	28
SECTION VIII	35
ACTIVITIES FOR THE NEXT QUARTER	35
SECTION IX	36
ANNUAL REPORT 2013	36
CELI North/South	36

ACRONYMS

ACTIVA G10	Asociación de Cooperativas de Tierralta y Valencia
AF	Activity Fund
ASOCAVAL	Asociación de Cacaoteros de Valdivia
ASOCOMUNALES	Asociación de Juntas de Acción Comunal
AP	Alianza Productiva
ASOMUCA	Asociación de Mujeres de Cauca
CIAT	Centro Internacional de Agricultura Tropical
CLIN	Cost Line Item Number
CMDR	Comités Municipales de Desarrollo Rural
CO	Contracting Officer
COP	Chief of Party
COP\$	Colombian Pesos
COR	Contracting Officer Representative
CODESARROLLO	Foundation Based in Medellín
CELI N/S	Colombia Enhanced Livelihood Initiative North/South
CORANTIOQUIA	Corporación para el Desarrollo de Antioquia
DCOP	Deputy Chief of Party
CD	Compact Disk
DO	Development Objective
DPS	Departamento de Prosperidad Social
DRE	Desarrollo Rural con Equidad (Minagricultura)
dTS	Development Training Services
ECA	Escuelas de Campo Agropecuaria
ER	Exchange Rate
EPM	Empresas Públicas de Medellín
FARC	Fuerzas Armadas Revolucionarias de Colombia
FEDECACAO	Federación de Cacao
FINAGRO	Fondo para el Financiamiento del Sector Agropecuario
FIS	Fundación para la Inversión Social
FY	Fiscal Year
G&C	Grants and Contracts
GLAC	Grupo Local de Ahorro y Crédito
GOC	Government of Colombia
GW	Garda World
HO	Home Office
ICO	Organizational Coefficient Index
IED	Iniciativas Empresarial para el Desarrollo
IGAC	Instituto Geográfico Agustín Codazzi
INCODER	Instituto Colombiano de Desarrollo Rural
INDEPORTES	Instituto Departamental de Deportes
ICBF	Instituto Colombiano de Bienestar Social

ISA	Interconexión Eléctrica S.A.
JAC	Juntas de Acción Comunal
LAC	Bureau of Latin America and the Caribbean
LOC	Letter of Credit
M&E	Monitoring and Evaluation
NGO	Non Governmental Organization
OAI	O'Brien and Associates International
OCAD	Órganos Colegiados de Administración y Decisión
OTI	Office of Transition Initiatives
PCI	Programa de Cultivos Ilícitos
PDO	Project Development Officer
PO	Project Objective
PROCACAO	Productores de Cacao de Caunapí (Tumaco)
RECOMPAS	Red de Consejos Comunitarios del Pacifico Sur
RCC	Regional Consolidation Center
RSO	Regional Security Officer
SENA	Servicio Nacional de Aprendizaje
SIAPA	Servicio de Información y Atención para Jóvenes y Adolescentes
SENA	Servicio Nacional de Aprendizaje
UMATA	Unidad Municipal de Asistencia Técnica Agropecuaria
UGDIM	Unidad de Gestión para el Desarrollo Integral Municipal (Tumaco)
UACT	Unidad Administrativa para la Consolidación Territorial
US\$	United States Dollars
USG	United States Government
USAID	United States Agency for International Development
VEO	Valoración del Estado Organizacional

SECTION I

INTRODUCTION

During the calendar year 2013 July-September quarter, CELI N/S submitted for review and approval 83 activities prioritized in the Second Year Work Plan, of which 72 are grants and 11 are for direct CELI N/S implementation in the 16 target municipalities of Antioquia, South of Córdoba and Nariño (Tumaco). This brings the total for 2013 to 114 approved activities, representing approximately US\$12 million in USAID investments. The activities approved this quarter coincide with the main project components according to the following breakdown:

Table 1 - Projects and Activities Approved this Quarter

Program Component	Number of Activities
Governance	5
Livelihoods-Economic Development	47
Social/Economic Infrastructure	19
Social Capital	10
Land	2
Total	83

During this quarter, CELI N/S disbursed \$3,480,363 in Activity Funds (CLINs 2 & 3), bringing total disbursements during the life of the contract to \$16,080,341, which represent approximately 89 percent of Activity Fund (AF) resources committed under the 2012 Work Plan. Significant implementation advances continue in this quarter, as most 2012 project activities are now in advanced stages of completion, except for the activities that experienced delays because of changes in the *semáforo*, especially in the municipality of Ituango. These are now underway following USAID's approval of a waiver to Mission Order 200-07, of March 27, 2012 that restricted project activities to non-red areas.

An additional 55 funding actions await final approval in October, of which 16 are infrastructure projects pending final resolution regarding new USAID restrictions to using fixed obligation grants for infrastructure projects. These 2013 funding actions are expected to be reviewed during the month of October. To date, 14 2013 grants have been awarded, signed and commenced implementation, with more to follow in early October.

The M&E Report in Section IV provides an update on progress made this quarter in achieving contract goals.

SECTION II

REGIONAL AND NATIONAL CONTEXT

While peace talks in Havana continue to dominate the political environment, this quarter witnessed some of the most violent social demonstrations and upheavals since the start of the CELI N/S contract, directly affecting a majority of our target municipalities in the Nudo de Paramillo region and subsequently in Tumaco. Inextricably tied to the peace process and a broader strategy to show force, most analysts concluded that a clear linkage exists between the *campesinos* involved and the FARC leadership. The widespread and far-reaching demonstrations, originally concentrated in the agrarian and mining sectors but having rapidly spread to other productive sectors and to major urban centers, including Bogotá, came to a close in September as a badly shaken and rattled government frantically engaged in multiple-front negotiations with an assortment of sector leaders, agreeing to lift roadblocks while negotiations progressed. Media and public attention were dominated by these conflicts during the quarter, but the relative calm finally achieved in September returned public and media focus to the peace talks in Havana that seem to linger on with no clear end in sight.

Throughout the quarter the FARC and the GOC continued to engage in heated exchanges, intensifying in September as advocates and opponents of the process have become more and more vocal in their respective positions, prompting speculation that talks will be suspended until after the election season and adding more confusion and growing concern about the process. To date, however, the GOC continues to publicly press on with the peace talks, attempting to navigate the tricky waters of a pre-election season and address public doubt. More recently President Santos took advantage of his opportunity to speak at the 2013 United Nations General Assembly to make his case for the peace talks, expressing passionately the need for peace after more than 50 years of war, and 220,000 lives lost, and urging the body to respect any agreement reached between the GOC and the FARC. Despite the uncertainty and turbulence of the national environment, CELI N/S has managed to continue project activities without significant delays.

[REDACTED]

[REDACTED]

[REDACTED]

The security context, while complex and fluid, has not impeded significant progress in the implementation of CELI N/S activities. From our vantage point, we observe three trends. First, while armed confrontations and terrorist attacks have waned, there appears to be a heightened effort on the part of the insurgents to interact, control, or influence the local population, as indicated most recently by the widespread and violent demonstrations. This is probably part of the greater strategy connected to the Peace Process that seeks to strengthen their hold on strategic geographic areas that could constitute a political base in a post conflict scenario. Secondly, alliances between the armed groups, insurgents and criminal gangs, appear to be increasing. In some cases, groups of insurgents have switched sides to become members of criminal gangs. This could be viewed as a preparation for the possible demobilization of the FARC, while maintaining illegal activities in conjunction with criminal gangs. Worries also persist about the potential vacuum that could be created in a peace accord, whereby armed actors and criminal gangs could proceed to fight over previously controlled FARC territories. Finally, though coca and drug trafficking remain very important sources of revenue for all illegal armed groups, extortion and illegal mining (closely connected with money laundering), are increasing their importance as criminal revenue sources. All this could lead us to speculate that an adjustment process could be underway in preparation for an end to the armed conflict with the FARC, but signaling the start of a new phase in Colombia's struggle with illegal activities and territorial control.

[REDACTED]

SECTION III

REGIONAL REPORTS

Significant events during this Quarter:

Significant activities and events highlighted during this quarter include the following:

- Peace Assessment Visit. USAID/OTI assessment of potential post conflict activities. July 23-26, 2013, CELI N/S hosted USAID/OTI assessment visits in Medellín, Montería and Tumaco to view how current project implementation can adjust to a post conflict scenario.
- Resumption of Activities in Red Zones. On July 15th, 2013, a meeting was held in the Municipality of Ituango with the mayor and the Association of Campesinos to discuss the restart of project activities prioritized in the municipality in 2012. CELI N/S is now in the process of completing 24 projects that were delayed due to a change in the *semáforo*. Activities in Briceño, Cáceres and El Bagre have resumed. Projects in Ituango are resuming in October following a further delay awaiting security assurances from local authorities and communities.
- High-level USAID Visit. CELI N/S hosted Mission Director Peter Natiello, CLL Acting Director Jerry Marcus, and COR David Alejandro Huertas on a visit to project activities in Tumaco August 27-28, 2013 for the occasion of the visit to Colombia of USAID's Deputy Assistant Administrator for LAC, Mark Lopes. In addition to a meeting with Tumaco Mayor Victor Gallo, the visit included meetings with organizations involved with social capital strengthening, community infrastructure, communications and productive activities.
- Quarterly Strategic Review. On September 25, 2013 CELI N/S hosted a meeting of the Quarterly Strategic Review. This meeting brought together representatives from USAID/Colombia, the UACT both national and regional, the PCI (Programa de Cultivos Ilícitos), representatives of the government of Antioquia, the mayors of Tumaco, Tierralta and El Bagre, a representative of the Colombian Presidential Agency for International Cooperation, DevTech, Codesarrollo and CELI N/S national and regional staff. During the Review, CELI N/S reported on project advances in the 16 target municipalities. DevTech presented the results of its field assessments. The presentations sparked good discussion and positive feedback for CELI N/S's work. The final presentation by CELI N/S staff at the end of the day focused on 2014 proposed project activities and directions.
- First Assembly of the Savings and Loan Groups. The first of three regional assemblies of the savings and loan groups (Grupos de Ahorro y Crédito – GLAC), was held on September 20, 2013 in the centrally located Northern Antioquia town of Yarumal. More than 150 GLAC participants from the CELI N/S municipalities of Ituango, Anorí, Briceño and Valdivia attended, together with mayors, representatives from the government of Antioquia, and the private sector. The

purpose of the assembly was to share experiences among the more than 67 groups totaling approximately 940 men, women, and adolescents that have come together to save money as a group, provide loans to members and connect as neighbors. To date, these groups from Northern Antioquia have saved over US\$40,000 of their own money. The GLACs have transcended the initial project purpose to stimulate savings and small loans in areas devoid of financial services, becoming a fast growing movement of citizens reaching out to each other, rebuilding bonds of friendship and trust in areas long torn apart by war and violence. The second assembly for the Bajo Cauca and Córdoba will take place on October 17, 2013.

- Training Agreement with Casa Luker. Cacao farmers representing four producer associations with over 1,000 members from the North of Antioquia received specialized training August 13-15, 23 at the Casa Luker experimental farm and training center in Chinchina, Department of Caldas. This was the second of five groups of cacao farmers scheduled to receive this training based on an agreement between CELI N/S and Casa Luker, one of Colombia's premier cacao buyers, processors and exporters.
- Legalization of Municipal Property. The Municipality of Valdivia is legalizing 404 urban and rural municipal properties thanks to a project supported by CELI N/S in the 10 Consolidation target municipalities of Antioquia. Having legal title is of great importance for municipalities. It allows for them to budget maintenance and repairs, drawing down national and department resources, funding improvements, and contributing to a culture of legality and good stewardship of public property. The Department of Antioquia has shown great interest in the results thus far and could use it as a model for implementation in other parts of Antioquia.
- Cacao Convention in Bucaramanga. Leaders of 11 producer associations representing more than 2000 producers from 16 prioritized municipalities came together in Bucaramanga September 26-27, 2013 with support from CELI N/S for a workshop titled: "Cacao, Chocolate and the new challenges to quality control" organized by the National Federation of Cacao Producers and the Universidad Industrial of Santander. More than 600 producers listened as participants identified and formulated concrete proposals to build processing and commercial value chains with businesses such as Casa Luker and Mariana Cocoa to obtain better prices for high-quality cacao. To date, CELI N/S has invested US\$3,354,194 in cacao-related activities.
- Cacao Marketing Consortium in Antioquia/Córdoba. The "Agricultural Consortium of the Nudo de Paramillo" was formed on July 30th 2013 when four producer associations decided to pool resources to access markets, compete for Ministry of Agriculture funding for technical assistance, diversify agricultural production and improve the livelihood of the 400 member families. The new consortium submitted a proposal to access US\$1.7 million in funds for agricultural technical assistance to improve agricultural production for 3,950 families in the Departments of Antioquia and the South of Córdoba. To date CELI N/S has invested approximately US\$5.9 million supporting agricultural and economic development in the Nudo de Paramillo area.

- Micro Enterprises in Tumaco. In a public ceremony that took place on August 15, 2013 led by Tumaco mayor Victor Gallo, 83 newly trained micro entrepreneurs received their certificates. It is the culmination of an intense training program for businesswomen (mostly) and men and to help them launch their businesses with a small amount of working capital.
- Cacao Consortium in Tumaco. In Tumaco, seven consejos comunitarios (Afro-descendent collective land holdings) and two producer associations came together on September 2013 to form a marketing consortium, appropriately named “Chocolate Tumaco”. The Municipality of Tumaco and its Afro-descendent cacao producing communities view this new organization as a way to enable producers to play a more active marketing role, ensuring better prices and more leverage with potential buyers.
- Productive Alliances. All new 2013 projects involving Alianzas Productivas funding from the Ministry of Agriculture, private sector linkages and resources, and CELI N/S leverage support were approved by USAID during August 2013 review committee meetings. This sets the stage for significant investments and advances in a broad range of economic development activities that will help spur the regional campesino economy.
- Capacity Building. CELI N/S completed the second application of the institutional capacity assessment tool (VEO) with all beneficiary producer associations in Antioquia. This will help detect strengths and weaknesses to guide future capacity building activities.

CORDOBA

Improving Governance

- The University of Antioquia and the Pontifical Bolivarian University of Córdoba officially launched the “Government School” (Escuela de Gobierno) project in the five municipalities of the South of Córdoba. The launching ceremony was attended by representatives of the Córdoba departmental government, the municipalities, and community leaders. The Department of Córdoba requested that its functionaries also be allowed to receive the training and offered to cover their costs. Project activities began with an assessment of the needs of each of the five municipalities and a consensus building meeting on how to undertake program activities.
- CELI N/S engaged in discussions with the Yamaha and San Isidro Foundations to find areas of agreement to jointly strengthen municipal governments in the South of Córdoba.

Productive Activities

- The consultant hired by CELI N/S to support the development of projects for the Municipality of Valencia’s Project Bank (Banco de Proyectos) succeeded in preparing 8 projects for presentation to the OCAD and one for the Department Water Plan. The value of the projects ascends to COP\$982.988.612.

- ii. CELI N/S provided assistance to all target municipalities, except Puerto Libertador and Tierralta, for the presentation of Technical Assistance Plans to the Ministry of Agriculture that were due July 31, 2013.
- iii. In the municipality of Tierralta, the CELI N/S supported organization ACTIVA G10 is making progress in the implementation of 36 out of a planned 60 hectares of bananas and is now leveraging 25 Agrarian Bank credit applications for its members.
- iv. In the municipality of Puerto Libertador, the producer association ASCAP has completed the grafting of 45,000 out of a total 70,000 cacao trees. ASCAP has also succeeded in obtaining 20 agriculture loans through the Government of Córdoba's credit guarantee program. Another 50 credits are expected to be approved shortly.
- v. The municipality of Puerto Libertador fulfilled its commitment to provide fingerlings to a group of fish farmers that received a CELI N/S grant.
- vi. In Valencia, CELI N/S supported producer associations have established 62 cacao and 26 rubber tree nurseries. 43 hectares of cacao have been planted in conjunction with 40 hectares of banana trees that serve as temporary shade. 92 agricultural credits were presented to the Agrarian Bank, of which 19 have received approval thus far.
- vii. Five productive projects for the South of Córdoba as part of the 2013 project activities were approved by USAID. Four of these represent "Alianzas Productivas", and one of the projects provides counterpart support for four "Mujeres Rurales" projects, and eight projects for the "Oportunidades Rurales" competition.
- viii. Seven projects were developed for DRE funding for land improvement studies in the municipalities of Southern Córdoba.
 - i. In the South of Córdoba, CELI N/S was able to leverage 19 loans for rubber and cacao producers for a value of COP\$123,000,000. CELI N/S consultants also helped formulate seven soil improvement projects for South of Córdoba municipalities for the DRE (Rural Development with Equity) competition of the Ministry of Agriculture.
 - ii. CELI N/S provided logistical support for an awareness building and training program for micro entrepreneurs in the municipality of Tierralta. This is part of a program sponsored by the Bavaria Foundation and the University of Antioquia called "Destapa tu Futuro en tu Región". 70 individuals were selected to present proposals to obtain start-up capital for their businesses.

Social Infrastructure

- i. In the south of Córdoba, all infrastructure projects approved in 2012 are now 100 percent completed in their original design. However, most are implementing additional enhancements with savings from approved budgets. A meeting was held on August 28 with the mayor of Tierralta that secured his agreement to deliver on his counterpart commitments.
- ii. Four new infrastructure activities were formulated as part of the 2013 Work Plan. Three of these will benefit prioritized areas in the municipality of Puerto Libertador, and one in the municipality of San José de Uré.
- iii. Three meetings were held in the communities of Santuario, Bijagualito and el Salao in the la Rica area of the municipality of Puerto Libertador to define the final scope of their prioritized infrastructure projects.

Social Capital

- iii. On July 19th 2013, CELI N/S provided logistical support to the "SIXTA GÓMEZ and ELADIO CLÍMACO Association of Ancestral Teachers, an Afro-descendent cultural group from the Municipality of San José de Uré, to make a presentation at the "National Cultural

- Gathering Program” (Programa Nacional de Concertación Cultural) sponsored by the Ministry of Culture in the Montería Convention Center. This program seeks to fund, on a competitive basis, cultural projects throughout Colombia.
- iv. CELI N/S contributed 200 school kits for children in Tierralta as part of a health and recreational campaign led by the Regional Consolidation Center in the August 8 neighborhood of the Municipality of Tierralta.
 - v. CELI N/S contributed with logistical support for a meeting that took place in the Kuinabari Indigenous House of the Municipality of Puerto Libertador on the occasion of an agreement between the Cañaveral Indigenous Reservation of the Embera Katio tribe and the authorities of the Nudo de Paramillo Park.
 - vi. On July 11 and 12th 2013, gatherings of Consolidation/CELI N/S beneficiary organizations were held in the municipalities of Tierralta and Montelíbano, respectively. Over 300 project beneficiaries were present to receive a report on progress to date in the implementation of prioritized project activities.
 - vii. CELI N/S brokered a meeting between Maestras Ancestrales, an Afro-descendent cultural revival group in San José de Uré, and the San Isidro Foundation of the Cerro Matoso mine to seek funding support. There are good funding prospects for these and other cultural activities in the south of Córdoba.
 - viii. CELI N/S sponsored the participation of five young city council members from Montelíbano to attend a meeting in San Antero of the Department of Córdoba’s Secretariat for Youth as part of the National Youth week.

ANTIOQUIA

Improved Governance

- i. A meeting was held with the Secretary for Government of the Department of Antioquia and the Regional Consolidation Center (RCC) to better coordinate projects and activities. A decision was made to meet bi-weekly for this purpose.
- ii. The University of Antioquia delivered governance assessments for the 15 CELI N/S municipalities of Antioquia and the South of Córdoba as one of the first steps in the implementation of its comprehensive “Governance School” that will help these municipalities improve local governance. Other activities underway include “Project Banks” (Banca de Proyectos), and baseline studies regarding integrated management systems.

Productive Activities

- i. A meeting was held at the Antioquia Department Government with representatives of the Secretariat for Competitiveness to discuss the implementation of a specialty coffee program in the Antioquia Consolidation Municipalities. Also present were representatives of the Coffee Growers Federation, the Antioquia Coffee Cooperative, the Program Against Illegal Crops (PCI) and the Agricultural Technical Assistance Units (UMATA) of the participating municipalities.
- ii. Another meeting was held with the Secretariat for Agriculture of the Department of Antioquia to discuss the implementation of a bee-keeping project, for which the Department is willing to invest CO\$500.000.000 to match a CELI N/S investment. A working group was formed to follow-up.
- iii. The cacao and dairy projects in the municipality of Ituango finally were reinitiated following a nine-month hiatus due to the change in the semáforo from yellow to red.

- iv. New 2013 specialty coffee projects that will benefit the municipalities of Ituango, Anorí, Briceño and Valdivia were agreed upon with support and co-funding from the Government of Antioquia, the Colombian Federation of Coffee Growers, and the Antioquia Federation of Coffee growers. These projects could have a significant medium to long-term impact on reactivating long-stagnant coffee production in these municipalities.
- v. Significant progress is being made with all new 2012 cacao projects in Antioquia. Most have reached the grafting stage, which should lead to the start of production within 18 months.
- vi. The first 350 of a planned total 1050 black belly sheep were delivered to the 75 families in Caucaasia who will initiate a sheep product value chain with the Medellín-based cooperative company COLANTA, one of the region's major dairy products and meat producer.

Social Infrastructure

- i. The implementation of infrastructure projects in Bajo Cauca was affected by the road blockages of the past month, which prevented the passage of construction materials. In the municipalities of Anorí, Valdivia and Briceño, most infrastructure projects have reached the 90 percent completion level. In Ituango, infrastructure projects resumed implementation in September following a nine-month suspension that was lifted thanks to USAID's waiver that allows CELI N/S to continue implementation of projects in veredas that turned red under the semáforo system.
- ii. 41 infrastructure projects in the municipalities of Anorí, Briceño, Caucaasia, El Bagre, Zaragoza, Tarazá, Cáceres and Nechí are between 50 and 92 percent completed. Most have passed the 70 percent mark, except for the municipalities of Briceño (50 percent) and Cáceres (59 percent), which experienced delays due to the change in the semáforo from yellow to red, temporarily halting implementation until USAID provided a waiver. They were also affected by the demonstrations.

Social Capital

- i. On July 9th, 2013, the Network of Women of the Bajo Cauca (Red de Mujeres del Bajo Cauca) was officially launched in Caucaasia at the auditorium of the Caucaasia Chamber of Commerce. This was the culmination of an eight-month process to form a network of more than 70 women's organizations of the municipalities of Caucaasia, Nechí, Zarazoga, El Bagre, Cáceres, and Tarazá that involves at least 5,000 women.
- ii. Significant advances have been made in social capital building projects in Bajo Cauca through the focus on sports and culture for youth. A delegation of youth from the Municipality of El Bagre was invited by the Ministry of Foreign to the world athletic games in Moscow Affairs following a fierce competition throughout Colombia. This achievement has significantly raised the profile of such projects in the region and motivated the youth population.
- iii. In Bajo Cauca, 15 organizations took part in the second application of the VEO (Assessment of Organizational Status/Strength) methodology to determine progress to date and identify additional capacity strengthening needs.
- iv. The Instituto de Deportes de Antioquia – INDEPORTES – conducted a training program for sports monitors from the 6 CELI N/S prioritized municipalities of Bajo

- Cauca for the purpose of legalizing sports clubs, a requirement for receiving support and benefits.
- v. ASOCUMUNAL (Association of Juntas de Acción Comunal) and the Casa de la Cultura of the municipality of Puerto Libertador organized three sports schools for football, micro-football, and volleyball, as well as five artistic groups for music and dance that are reaching 162 girls and 141 boys.
 - vi. The ASOCUMUNAL and Casa de la Cultura of the Municipality of Valencia are reaching 756 boys and girls from rural areas with artistic and sports activities.
 - vii. The newspaper El Meridiano de Córdoba, Caracol Radio, and Tierralta TV are beginning to provide news coverage of social capital activities supported by CELI N/S in the municipalities of Valencia, Puerto Libertador, San José de Uré and Montelíbano.

TUMACO

Improved Governance

- i. CELI N/S participated in a day-long activity organized by the program to Eradicate Youth Labor in Tumaco, sponsored jointly by CELI N/S and the Telefonica Foundation.
- ii. The program “Friendly Information for Adolescents and Youth” (SIAPA) being implemented by the Niño Divino Hospital in Tumaco and with the support of the Regional Consolidation Center and CELI N/S, was officially launched on July 18, 2013. This program helps prevent teen pregnancies, drug abuse, and sexually transmitted diseases.
- iii. CELI N/S hired the services of a consultant to work with the Municipality of Tumaco and the Regional Consolidation Center to develop a communications strategy to disseminate advances and achievements in the implementation of consolidation activities in Tumaco.
- iv. CELI N/S provided consultant support to the Municipality of Tumaco to prepare five integrated rural development projects for presentation for funding to the “Regalías” system that will benefit the *consejos comunitarios* of Tablón Dulce, Tablón Salado, Chagui, Mejicanos and Veredas Unidas. The projects were presented on August 8th, 2013 as a first step to the municipal OCAD (technical review committee). These projects are meant to complement other projects that are being implemented with the support of the Government of Nariño, Ecopetrol, the UACT, and other organizations, including CELI N/S in the case of Tablón Dulce and Tablón Salado.
- v. RECOMPAS, the federation of 15 Afro-descendent self-governing territories (*consejos comunitarios*) made significant progress in the completion of its 2014 Annual Operating Plan for strengthening the governance of the member- territories.

Productive Activities

- i. In Tumaco, CELI N/S provided technical assistance in the formulation of the Cacao Technical Assistance Plan (Plan de Asistencia Técnica Gremial del Cacao), which will benefit 1,000 cacao producers in the three CELI N/S *consejos comunitarios* (Las Varas, Río Rosario, and Gualajo) as part of an alliance with the Cacao Growers Federation (FEDECACAO).
- ii. Work concluded on the rehabilitation of the final 100 hectares of cacao of the 428 hectares planned for the consejo comunitario Rescate las Varas. Also, the planned number of Farmer Field Schools (ECA) for the *consejos comunitarios* of Río Rosario and Río Gualajo were completed.

- iii. 2012 approved projects for supporting the rehabilitation of cacao and coconut plantations in the “Consejos Comunitarios” of Rescate las Varas and Río Gualajo are 100 percent complete. A two-month time extension was requested for completing these activities in Río Rosario.
- iv. An agreement was reached with nine Tumaco rice producer associations for the establishment of 700 hectares of rice, and the marketing of 5.6 tons of rice through a local business.
- v. An agreement was also reached to form a consortium of organizations to reactivate 120 hectares of shrimp farming ponds in Tumaco. The consortium includes two private companies, Larvaco and Corporación País Rural, and two shrimp farming producer associations. The objective is to strengthen the shrimp farming value chain in partnership with private businesses.
- vi. New 2013 productive projects were approved for the consejos comunitarios of Tablón Dulce and Tablón Salado. A team consisting of the Municipality of Tumaco, the RCC, and CELI N/S visited proposed project sites to ascertain they are free of coca plantations.
- vii. After considerable delays, CELI N/S succeeded in helping the organizations “Mujeres en Acción” and “Procacao” to commence implementation of the projects that obtained funding from the “Mujeres Rurales” competition of the Ministry of Agriculture.

Social Infrastructure

- i. The river docks of the consejos comunitarios of Río Gualajo and Río Rosario in the Municipality of Tumaco were completed.
- ii. Following resolution of the leadership change in the consejo comunitario Rescate Las Varas, construction activities for a crop collection center, a community center, and an internet classroom resumed. Also, work resumed on the potable water system of Los Robles following receipt of a disbursement from the Government of Nariño. This project had been delayed for almost two years.
- iii. Design work started for the digging of wells and potable water systems in five communities of the consejo comunitario of Río Rosario.
- iv. In the municipality of Tumaco, four new 2013 infrastructure projects were approved.
- v. CELI N/S signed an agreement with the Fundación para la Infraestructura Social – FIS – to accompany the implementation of the 2013 prioritized infrastructure projects in Tumaco..
- vi. CELI N/S provided technical assistance to the Municipality of Tumaco for two calls for proposals that were let out in Tumaco to design three potable water systems for “Aguas de Tumaco”, the local public water system, and four infrastructure projects to be financed by EcoPetrol.

Social Capital

- i. The youth musical collectives of Tumaco recorded their first 10 songs in a compact disk for distribution among local cultural programs. The songs have the common theme of promoting a culture of legality.
- ii. Six youth representing an equal number of communications collectives participated in the filming of a documentary piece produced by the Tumaco Señal Colombia TV channel. The purpose was to expose the members of the communications collective to film and documentary production.

- iii. The CELI N/S office in Tumaco assisted in the production of a CD of “décima” poems that is part of the oral history tradition of Afro-descendent communities. This is an important aspect of a broader program of work with youth and communications collectives that is reviving oral history through the “décimas”, while at the same time communicating messages on legality, rejection of violence, and peace. A second CD includes original songs devoted to the subject of peace.
- iv. A series of new social capital projects are in the preparation stage in Tumaco that will help improve consejo comunitario governance, strengthen the RECOMPAS network of women, improve the municipal sports program, expand SENA skills training, and the strengthen the “juntas de acción comunal” of the comunas 4 and 5.
- v. The communications collectives that receive CELI N/S support in Tumaco have been contracted to undertake a publicity campaign for the newly created “Chocolate Tumaco” a consortium of cacao producing organizations that are launching a marketing operation that will benefit 6000 small producers.

CROSS-CUTTING INITIATIVES

Land

CELI N/S staff participated in the round table discussion on transitional peace in Tumaco, as well as the sub-group on land in the municipality, which approved 289 land titles processed by INCODER for families in the *corregimientos* of La Guayacana and Llorente.

Financial Services

The savings and loan group program (GLAC) was launched in Tumaco through the direct CELI N/S implementation, as no suitable organization was identified that is willing and able to assume this task. The first step was to select a team of promoters for the program, for which over 100 CVs were received for the 10 positions that were selected on August 29, 2013. A project oversight committee was established that includes a representative of the municipality of Tumaco, the RCC, the “*consejos comunitarios*” and CELI N/S. The project will receive the technical support of Inicitativas Empresariales de Desarrollo (IED), which is charged with implementing the GLAC program of the GOC’s Banca de Oportunidades.

SECTION IV

SUPPORTING GRASSROOTS ORGANIZATIONS

A key element of the CELI N/S project strategy is to rely almost exclusively on local grassroots organizations, most of which are composed of intended beneficiaries, for the implementation of prioritized activities. In other words, community infrastructure projects are carried out by the local neighborhood organizations, mainly *juntas de acción comunal* (JAC), that were responsible for identifying and selecting the project at the time projects were chosen through a participatory process. In the case of Afro-descendent communities, known as *consejos comunitarios*, these same self-governing territorial organizations were responsible for the construction of their prioritized infrastructure projects. Producer associations wanting support to expand production, improve quality and link to markets became the implementers of the projects that pursue these objectives. The projects designed to strengthen women's organizations and networks were adjudicated to women's organizations. In all, CELI N/S has awarded mainly fixed obligation grants (FOG) to 158 grassroots organizations in the 16 targeted municipalities of Antioquia, Córdoba and Nariño. The following chart illustrates the type of grassroots organization, number, and population they represent. These projects have reached 213,527 persons, who constitute over 20 percent of the population in the 16 municipalities.

Table 2 – Grassroots Organizations by Type, Number, and Population

Type of Organization	Number of Organizations	Population Represented
Producer Associations	45	10,507
Juntas de Acción Comunal	89	145,456
Women's Associations and others	12	4,994
Consejos Comunitarios	7	34,619
Parents Associations	4	17,774
Indigenous Organizations	1	177
Total	158	213,527

Working with grassroots organizations rather than relying on outside institutions, such as NGOs, consulting firms or contractors for implementing prioritized projects, is at the heart of gaining trust, empowering people, building local capacity, and generating a self-perpetuating development process that can ensure future sustainability. Empowering local organizations is a cross-cutting strategy that strengthens social capital, improves local governance, and builds organizational capacity for dealing with other stakeholders, such as municipal governments, businesses, public and private development agencies, and neighboring communities. In Colombian conflict ridden areas, not only is it necessary to foster economic opportunity and improve government services. It is essential to also help repair a torn social fabric that has bred distrust, alienation, and helplessness. Working directly with grassroots organizations is a way to accelerate the process of building trust, self-esteem, leadership, and capacity. In poor marginalized rural communities, sustained economic development is largely dependent on small-farmer organizations to improve production, quality, and link with external markets that will offer fair prices. These same organizations can become self-perpetuating instruments by reaching new producers, sharing technology and good practices.

SECTION V

M&E REPORT

Progress This Quarter

As mentioned earlier, during the July – September 2013 quarter, 72 new grants and 11 direct implementation activities were approved. Grant activities will be awarded to 62 organizations broken down category, number and percentage:

Table 3 - Distribution of Grants to Organizations

Type de Organización	Number	Percentage
Producer Associations	27	43,5
JACs y ASOCOMUNAL	16	25,8
<i>Consejos Comunitarios</i>	6	9,7
Businesses	6	9,7
Foundations	3	4,8
Women's Associations and others	3	4,8
Municipalities	1	1,6
Total	62	100

The distribution of project activities by component and amounts of awards and counterparts funding is listed as follows:

Table 4 - Activities by Component and Budget in COP\$

Component	Number of Activities	Approved Funds (July-Septembre 2013)			
		CELI NS	Private Sector	Public Sector	Total
Livelihoods and Economic Development	47	\$ 8.857.170.158,00	\$ 16.168.861.388,00	\$ 13.609.092.845,00	\$ 38.635.124.391,00
Improved Governance	5	\$ 1.336.930.596,00	\$ 74.960.000,00	\$ 259.830.855,00	\$ 1.671.721.451,00
Social Infrastructure	19	\$ 3.336.960.347,00	\$ 342.386.900,00	\$ 1.187.730.038,00	\$ 4.867.077.285,00
Social Capital	10	\$ 1.242.309.500,00	\$ 254.455.000,00	\$ 285.865.000,00	\$ 1.782.629.500,00
Land	2	\$ 251.750.280,00	\$ 49.014.080,00	\$ 524.259.336,00	\$ 825.023.696,00
Total	83	\$ 15.025.120.881,00	\$ 16.889.677.368,00	\$ 15.866.778.074,00	\$ 47.781.576.323,00

Table 5 - Status of all CELI N/S Activities as of September 30, 2013

Component	On-Going	Completed	Cancelled	On Standby	Total
Livelihoods and Economic Development	90	14	3		107
Improved Governance	28	69	3		100
Social Infrastructure	101	24	1	3	129
Social Capital	41	8	2	1	52
Land	7	2	2		11
Total	267	117	11	4	399

Table 6 - Total contributed and executed, including counterpart (Public and Private); October 12, 2011 – September 30, 2013.

Cumulative Life of Project		Committed-October 2011-September 2013				Executed October 2011-September 2013			
Component	# Activities	CELI NS funding committed	Counterpart public funding committed	Counterpart private funding committed	Total	CELI NS Executed	Counterpart public funding executed	Counterpart private funding executed	Total
Improved governance	100	\$ 8,334,511.643	\$ 1,912,344.105	\$ 435,104.000	\$ 10,681,959.748	\$ 4,180,770.647	\$ 34,763,146.390	\$ 628,423.949	\$ 39,572,340.986
Increased social capital	52	\$ 6,147,776.422	\$ 2,296,521.688	\$ 1,101,506.370	\$ 9,545,804.480	\$ 3,521,341.692	\$ 1,167,858.560	\$ 403,344.909	\$ 5,092,545.161
Foster economic development	107	\$ 23,132,736.109	\$ 32,330,162.342	\$ 54,104,264.607	\$ 109,567,163.058	\$ 10,812,273.873	\$ 3,628,143.072	\$ 11,871,445.548	\$ 26,311,862.494
Social infrastructure	129	\$ 14,276,541.770	\$ 6,312,339.723	\$ 1,156,532.235	\$ 21,745,413.728	\$ 8,844,823.402	\$ 3,732,609.482	\$ 612,110.090	\$ 13,189,542.974
Land	11	\$ 1,927,400.816	\$ 2,292,353.309	\$ 138,335.245	\$ 4,358,089.370	\$ 942,418.954	\$ 568,230.654	\$ 65,879.638	\$ 1,576,529.246
Total COP	399	\$ 53,818,966.760	\$ 45,143,721.167	\$ 56,935,742.457	\$ 155,898,430.384	\$ 28,301,628.568	\$ 43,859,988.158	\$ 13,581,204.134	\$ 85,742,820.861
Total US		USD 29,899,426	USD 25,079,845	USD 31,630,968	USD 86,610,239	USD 15,880,817	USD 24,366,660	USD 7,545,113	USD 47,634,900

Table 7 – Total and Quarterly Indicator Progress

Indicator	FY2012	FY2013					Project Total progress Target	Progress (%)
	Total FY I Target	Q1	Q2	Q3	Q4	Total FY II Target		
DO1-006 Public funds leveraged in CSDI zones attributable to USG Interventions	USD 118.156	USD 2.198.208	USD 3.054.188	USD 15.551.249	USD 3.444.859	USD 24.248.504	USD 24.366.660	21,01%
	USD 11.600.000					USD 17.400.000	USD 116.000.000	
DO1-007 Number and percentage of rapid impact projects implemented by the GoC	0	36	10	10	0	56	56	35,00%
	10					40	160	
DO1-008 Number of rapid impact projects implemented by USG implementers (Dotaciones y algunos de vías en Meta de máximo tres meses de ejecución)	96	15	0	1	3	19	115	287,50%
	40					0	40	
DO1-010 Number of strategic national social programs implemented in CSDI zones (Prevencion de reclutamiento, Emisoras Comunitarias)	4	2	0	4	0	6	10	90,91%
	7					1	11	
DO1-011 Number and percentage of people benefitted by national social programs implemented in CSD municipalities.	3.505	39.425	5.543	8.771	4.864	58.603	62.108	138,02%
	11.250					16.875	45.000	
DO1-012 Number of beneficiaries receiving improved infrastructure services (Vías en Meta y dotacion escuelas)	0	52.302	35.471	51.751	17.282	156.806	156.806	149,34%
	30.000					50.000	105.000	
DO1-025 Number of CSO members supported by USG assistance (JAC en elecciones, Associations)	0	0	0	0	0	0	0	0,00%
						0		
DO1-026 Change in Index of Organizational Capacity (ICO) of CSOs supported by USG assistance	0	0	0	0	50,00%	50,00%	50,00%	166,67%
	30%					30%	30%	
DO1-029 Value of incremental sales of key supported products in CSDI zones	0	0	0	0	USD 132.333	USD 132.333	USD 132.333	0,00%
	TBD					TBD	TBD	

DO1-030 Number of strategic rural and economic development programs with territorial approach implemented in CSDI municipalities	0	0	0	4	1	0	0	5	5	35,71%
			0					7	14	
DO1-031 Number and percentage of people benefitted by strategic rural and economic development programs with territorial approach, implemented in CSDI municipalities.	0	0	0	3.195	5.825	2.653	2.334	14.007	14.007	20,30%
			6.900					10.350	69.000	
DO1-032 Private sector funds leveraged in CSDI zones attributable to USG Interventions	USD 215.788	USD 21.038	USD 236.826	USD 440.711	USD 809.521	USD 853.391	USD 5.204.664	USD 7.308.287	USD 7.545.113	25,15%
			USD 2.000.000					USD 7.000.000	USD 30.000.000	
DO1-033 Number of private-public alliances formed	0	9	9	4	0	0	0	4	13	65,00%
			4					5	20	
DO1-034 Number of rural households benefiting directly from USG interventions (Actividad en La Uribe en Production Lactea)	46	96	142	857	1663	1676	2232	6428	6570	36,50%
			2.000					4.000	18.000	
DO1-035 Number of people with a financial product from a local financial institution.	0	0	0	0	0	0	0	0	0	0,00%
			1.066					6.473	63.353	
DO1-036 Total value of CSDI projects approved (USD million)	0	0	0	0	0	USD 60.178.527	USD 26.431.712	USD 86.610.239	USD 86.610.239	44,85%
			USD 49.400.000					USD 35.700.000	USD 193.100.000	
DO1-037 Total value of CSDI projects completed (USD million)	0	0	0	0	0	USD 35.595.841	USD 12.039.059	USD 47.634.900	USD 47.634.900	27,58%
			USD 2.700.000					USD 44.000.000	USD 172.700.000	
P-01 Number of hectares of licit crops supported by the project.	0	0	0	352	283	601	1221	2457	2457	41,64%
			300					1.800	5.900	
P-02 Amount of funds provided to the Unidad Administrativa Especial para la Consolidación Territorial (UAECT) and its Regional Offices of Consolidation to facilitate the achievement of the objectives of the PNC.	USD 37.987	USD 47.060	USD 85.048	USD 47.882	USD 1.853	USD 0	USD 0	USD 49.734	USD 134.782	97,04%
			77.777					61.111	138.888	
P-03 Number of institutional strengthening activities supported in CSDI zones.	16	1	17	26	4	3	0	33	50	71,43%
			26					30	70	
P-04 Number of social organizations participating in citizen and community participation spaces supported by the USG.	0	13	13	29	36	53	94	212	225	121,62%
			40					80	185	
P-05 Number of permanent jobs created.	0	0	0	77	92	353	1419	1941	1941	58,82%
			80					820	3.300	
P-06 Number of people assisted and / or linked to activities project	18539	2067	20606	104529	55029	88088	45860	293506	314112	128,21%
			20.500					145.000	245.000	

Progress with Indicators

- Indicator “DO1-34 – Number of rural homes directly benefited by the project.

During the period between July and September 2013, CELI N/S reached 2,232 new families associated with its economic development and social capital components, which is a 33 percent increase over the last Quarter.

These families can be broken down into different groups from our instrument called “Ficha de Caracterización de Beneficiarios Directos” (Characterization of Direct Beneficiary Families) which revealed that 11 percent of the families identify themselves as either of indigenous or Afro-Colombian descent, while the rest consider themselves to be of mixed heritage. In terms of vulnerability, the predominant condition is that of displacement (31.9 percent), followed by woman head of household (17.2 percent). In terms of education, 55 percent of heads of households completed primary school, while eight percent of adults claim to have no formal education.

Table 8 - Distribution of beneficiary families by region, component and gender

Region/Component	Women	Men	Total
Antioquia Region	817	309	1126
Econ Development	20	100	120
Social Capital	444	153	597
Financial Services	353	56	409
Córdoba Region	224	685	909
Econ Development	38	207	245
Social Capital	186	478	664
Tumaco Region	63	134	197
Econ Development	27	77	104
Capital Social	36	57	93
Total	1104	1128	2232

Table 9 - Characterization of Beneficiary Families

Ethnicity	Families
Afro-Colombian	9,7 %
Indigenous	1,5 %
Mixed	88,8 %

Vulnerability	
Women head of household	17,2%
Unemployment	8,4%
Gender of head of household	
Female	49,5%
Male	50,5%
Education of head of household	
None	8,0%
Primary	55,5%
Secondary	26,5%
Technical/Higher	10,0%

- Indicator “DO1-26 – Change in the ICO of the Organizations Supported by CELI N/S.

CELI N/S applied the ICO-VEO organizational assessment diagnostic to 30 organizations during calendar year 2013. Of these, 17 are producer associations, six are women’s organizations, four are *juntas de acción comunal* (neighborhood associations), and three are enterprises.

Changes in the ICO-VEO diagnostic indicator from 2012 when it was first applied to these organizations increased from 17.4 percent to 153.3 percent. The average change in the ICO-VEO indicator was approximately 50 percent for the year 2013, which surpasses the target of 30 percent.

- Indicator “DO1-29 – Increase in sales for key products in CELI N/S supported areas.

CELI N/S went ahead and collected the data pertaining to this indicator for Fiscal Year 2013 despite the multiple changes made to the definition. Key products included in this report are cacao and milk. The increase in the value of cacao sales was COP\$11,661,563 and COP\$121,537,681 for milk. Total increase in sales for 2013 was COP\$238,199,244. It is important to point out in general terms that these increases were more closely linked to increases in production rather than the price of the commodities. In fact, prices actually came down.

- Indicator “P01 – Number of hectares of licit crops supported.

This indicator measures the ability of CELI N/S to incorporate land that is otherwise unused and bring it into production, reducing the prospect that it be used for illicit crops. The indicator also reflects the farm area of beneficiary families who have signed the cooperation agreement where they commit themselves to maintain their land free of illegal crops and to participate fully in all project activities. Progress with this indicator during the 8th Quarter of the CELI N/S contract shows an additional 1,221 hectares. The cumulative

amount over the life of the contract is 2,457 hectares, which represents 41 percent of the target.

The following is a chart that shows progress to date in the establishment, maintenance and rehabilitation of licit crops.

Table 10 – Legal Hectares of Crops Supported by Region, Crop, and Type of Support

Region/Crop	Type of Support			Total
	Rehabilitation	Establishment	Maintenance	
Antioquia Region	8	133,7	1055,21	1196,91
CACAO		102,7	351,3	454
COFFEE		31	292,4	323,4
CAUCHO	8		230,55	238,55
PASTURE			180,96	180,96
Córdoba Region		86	3	89
RICE		8	3	11
RUBBER		8		8
BANANA		70		70
Tumaco Region			1172	1172
CACAO			946	946
COCO			226	226
Total	8	219,7	2230,21	2457,91

- Indicator “P05 – Number of Permanent Jobs Created

Full-time equivalent Jobs fall in two categories: a) generation of new employment opportunities, and b) labor contribution of beneficiaries for project implementation. During Q8, 1,419 full-time jobs were created, which represents a 300 percent increase over last Quarter.

Table 11 – Number of Permanent Jobs Created

Project Target (2011-2015)	Q8 Advance	% Increase Over Q7	% Progress To Reach Project Target
3.300	1.419	302 %	58 %

- Indicator “DO1-06 – Public Resources Leveraged in Consolidation Areas Attributed to Project Activities.

This indicator advanced by US\$3,444,859 during this Quarter. Of these funds, 53.8 percent represent counterpart funds towards the implementation of the various projects,

and 46.2 percent represent funds that CELI N/S brokered or leveraged from various government Ministries and agencies. The following charts show the cumulative behavior of this indicator in terms of funds leveraged and the distribution of these funds by project component.

Chart No. 1

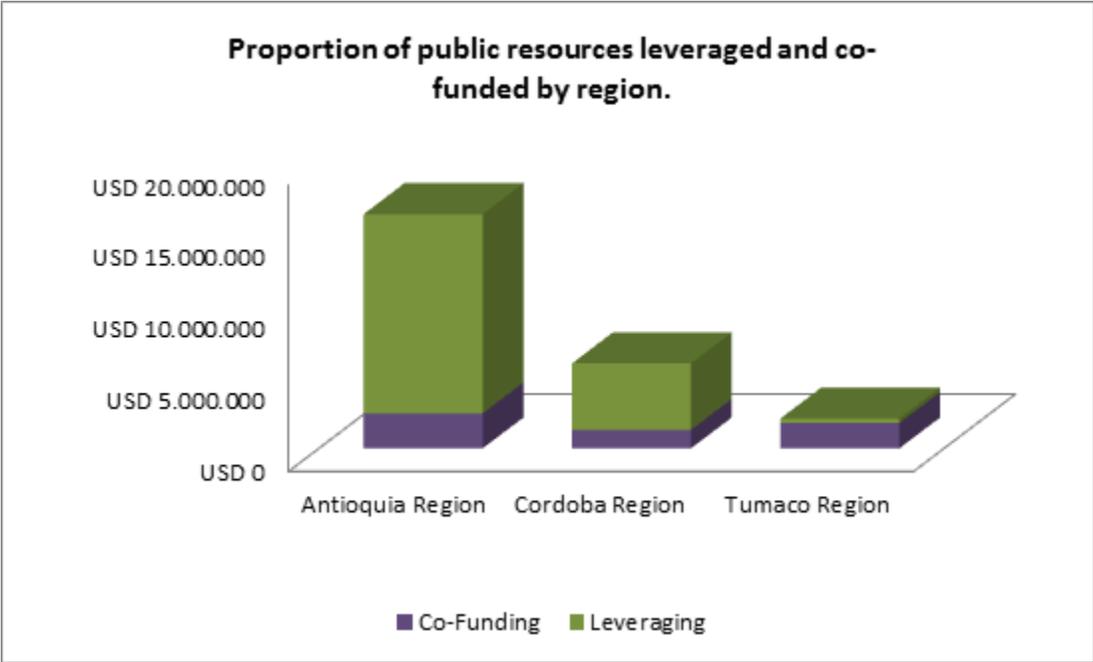
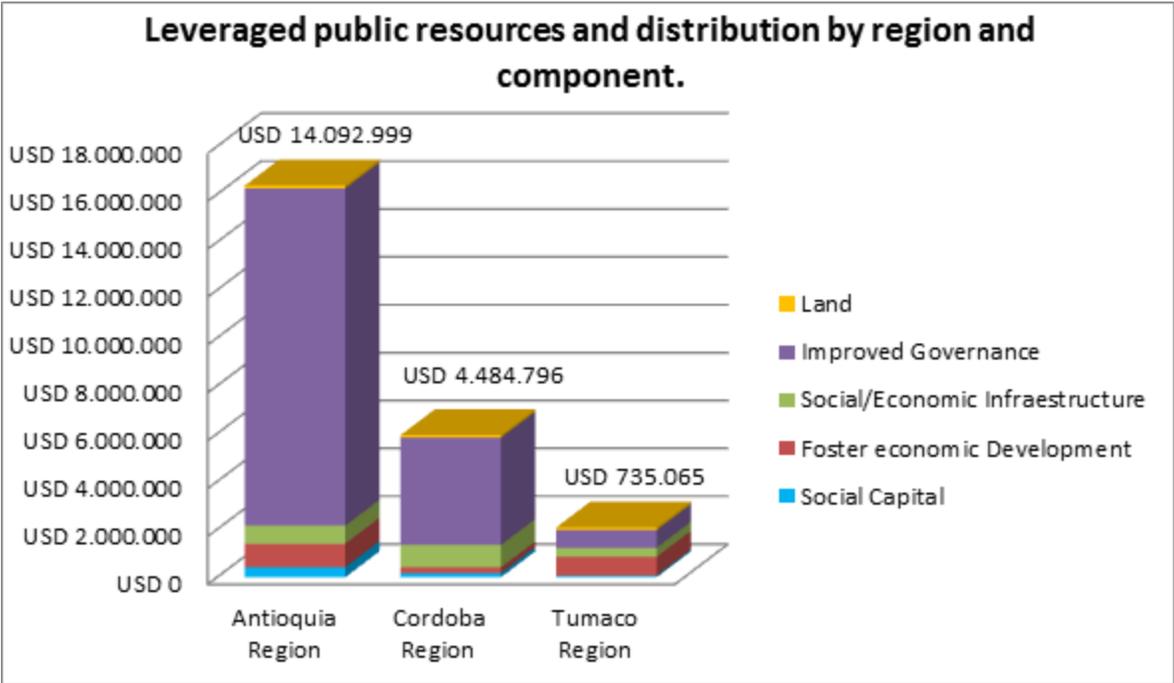


Chart No. 2.



SECTION VI

TRANSFORMING LIVES

RAPIDLY GROWING COMMUNITY BANKING INITIATIVE IS ABOUT MUCH MORE THAN MONEY

Patricia Palacio, a resident of Valdivia (Antioquia) and a member of a local savings and loan group (GLAC – Grupos de Ahorro y Crédito), never imagined that she could one day own an artisan and handcraft workshop. After decades of pervasive violence, little access to formal banking and being forced to depend on loan sharks and intermediaries seeking to extract high profits from unfair interest rates, residents like Patricia Palacio in USAID/COLOMBIA's 16 prioritized



municipalities of Antioquia, South of Córdoba and Tumaco are increasingly hopeful that the “community banking” model will help a turn a corner in their respective communities.

Promoted by the Banco de Oportunidades as part of a national poverty reduction effort, the rapidly growing savings and loan groups (GLAC) consist of more than 9200 persons, 76 percent of them women, having saved in excess of US\$330,000 and extended nearly 1700 loans to their members. Savers, often taking their first steps toward financial literacy, include young people, women, small farmers, indigenous populations, Afro-Colombians, victims of violence and members of grassroots organizations and producer associations.

Gathered in Caucasia (Antioquia) this past week for a GLAC regional assembly, participants enthusiastically presented testimonies about prioritizing family and community needs, rebuilding trust in their neighbors and embracing self-help initiatives. In Zaragoza (Antioquia), for example, one local savings and loan group shared plans to build a pharmacy. Another group in Puerto Libertador (Córdoba) is hoping to invest in a small bakery, and in Cáceres (Antioquia) after being forced to walk knee-deep across a river for decades in order to reach their *vereda*, savers are seeking to construct a bridge. Laying critically important and essential groundwork for lasting peace, these telling and prevalent cases illustrate an eagerness on behalf of participants to begin healing the social fabric torn apart after years of endemic violence and internal conflict.

In an effort to boost the capacity of local populations to resist illegality and violence over the long term and to promote sustainable economic development, USAID/COLOMBIA has elaborated a comprehensive strategy that expands access to microcredit and financial services but also promotes the development of a more effective civil society where organized citizens have the capacity to fully participate in local decision-making. Local savings and loan groups (GLAC) fit nicely into this broad-based strategy to promote licit economic development, strengthen legitimate leadership, build transparency and encourage accountability. In the words of Patricia Palacio, “To.”

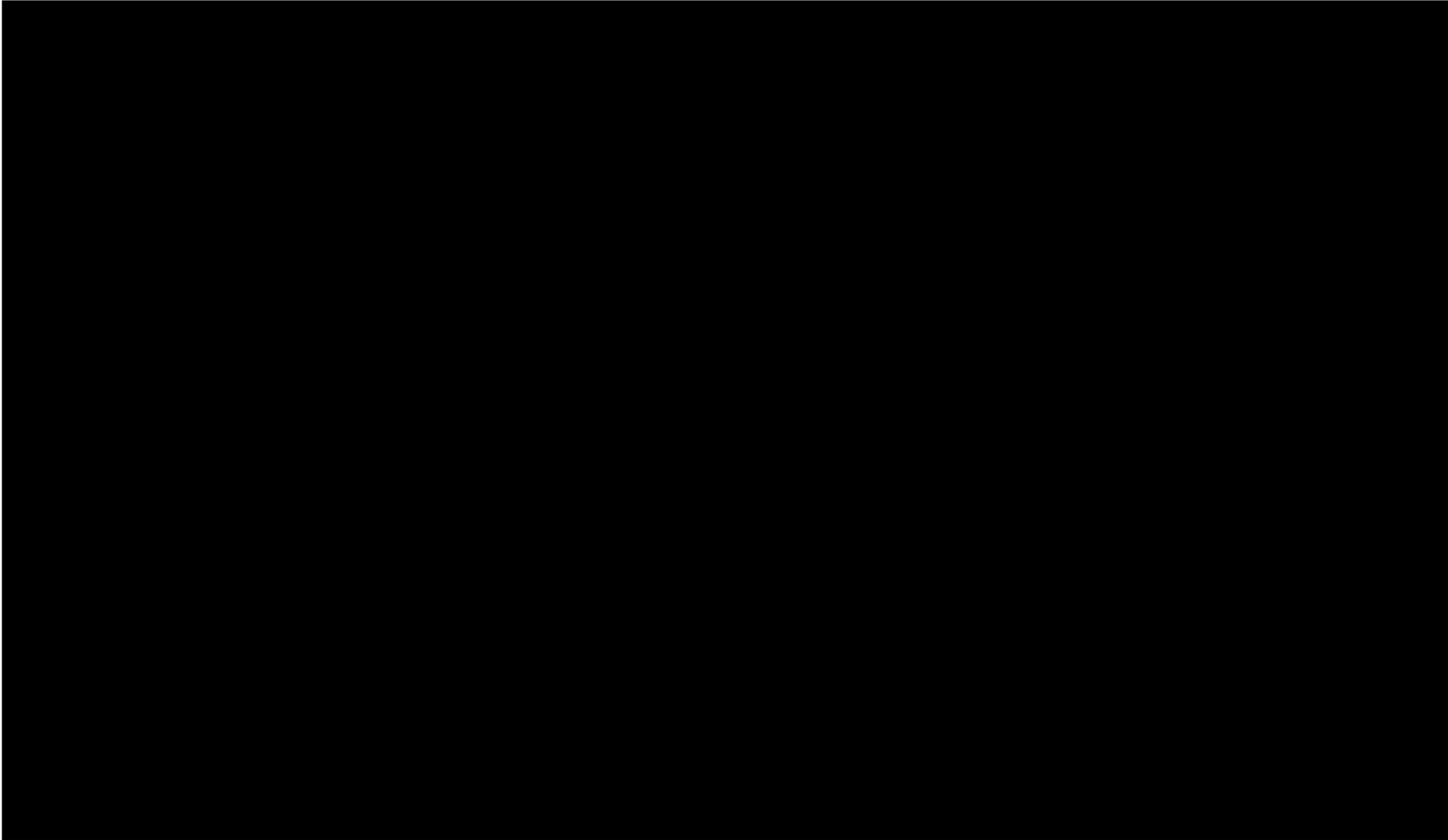
SECCION VII

[Redacted]

[Redacted]

[Redacted]

[Redacted]

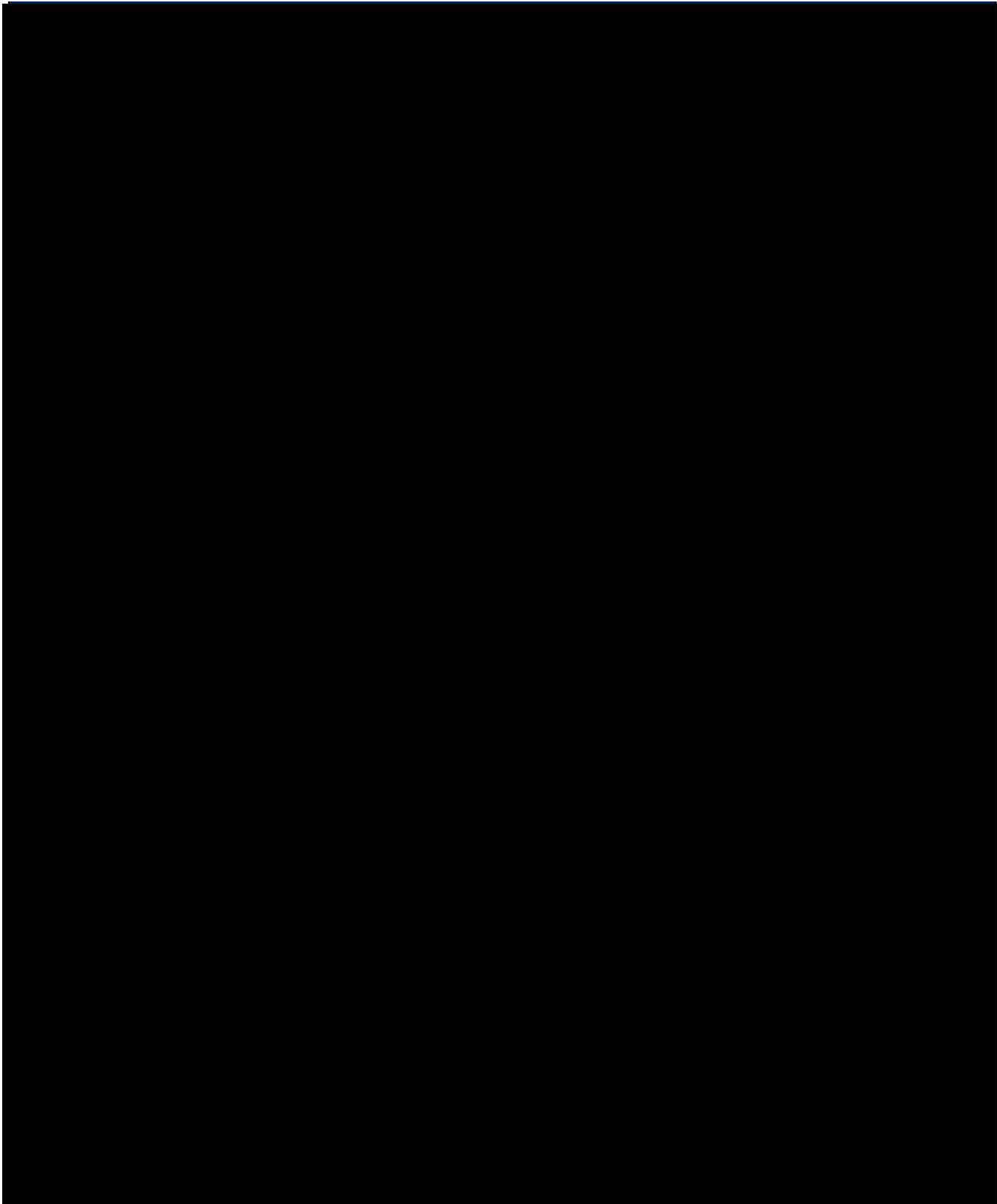


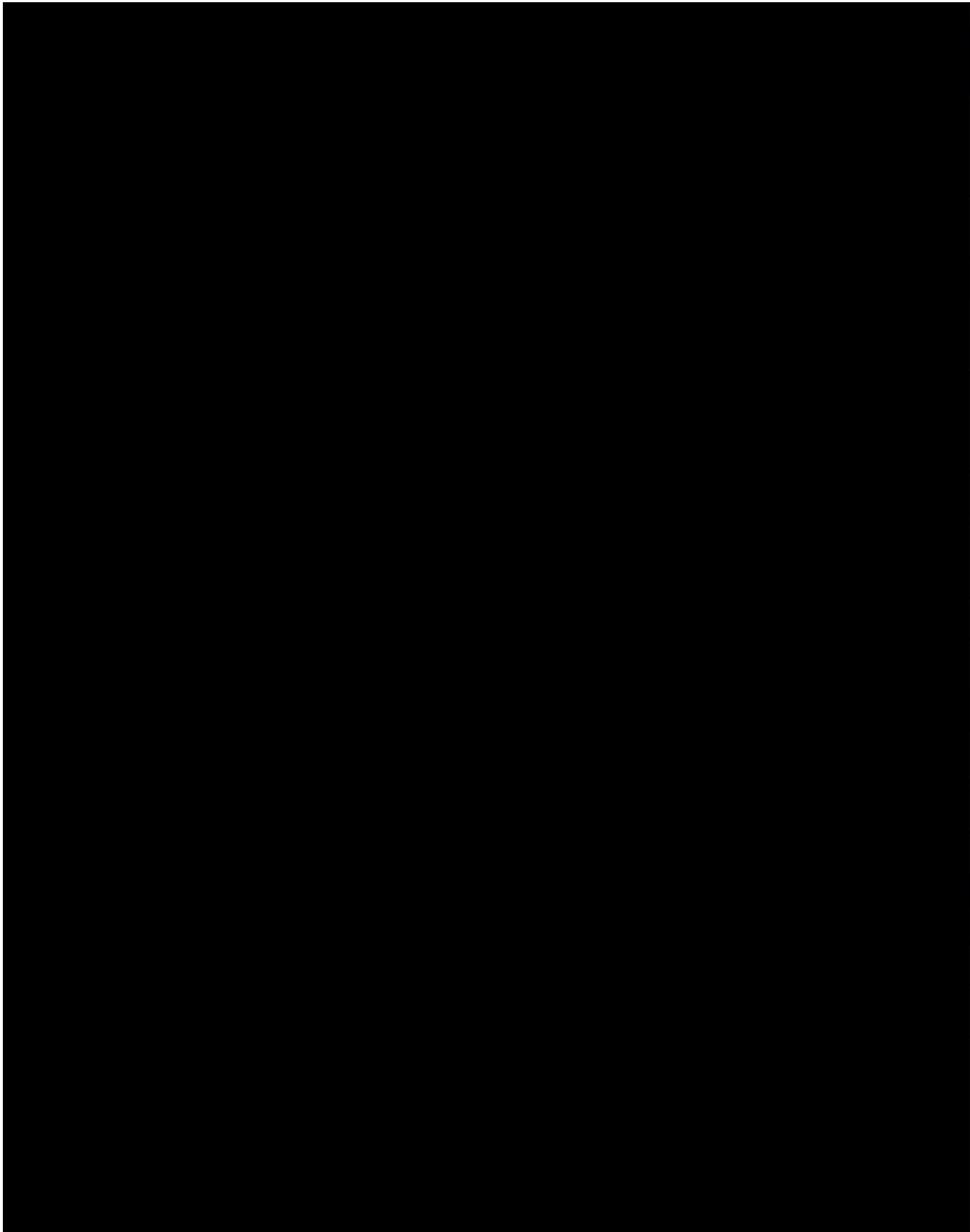
Operations and Administration

[Redacted text block]

- [Redacted list item 1]
- [Redacted list item 2]
- [Redacted list item 3]
- [Redacted list item 4]
- [Redacted list item 5]

[Redacted text block]





[REDACTED]

[REDACTED]

CELI-North/South Information System

The Financial Module, the last of the five modules, was completed and is currently undergoing tests. Project personnel will start using this module once regional trainings on the module's use are finalized.

Project Offices

- The Caucasia office was closed during the months of July and August as a preventive measure to secure project personnel and assets during the "paro minero" that took place in Caucasia. [REDACTED]
- Identified and requested quotes for repairs to the Tumaco office, including water damage ("humedades"), painting and reinforcement of the electrical system. Per initial negotiations with the owner, Chemonics will pay for those repairs associated to our use of the office (paint and electrical system) while the owner will pay for water related repairs. If no agreement is reached with the owner, we will terminate the lease contract and move to another location.
- Improved the internet service at the Monteria and Caucasia offices to ensure proper functioning of the project's Information System. We have not been able to properly adjust the band-width for the Tumaco office due to Telefonica's lack of capacity to offer internet services with a band-width beyond 1 MB. Unfortunately, Telefonica is the only internet provider available in Tumaco.

Project Vehicles

During the first week of July, the Ford Expedition assigned to Montería fell into the San Jorge River while being carried by a local ferry. The vehicle was transporting project personnel from Monteria to a project location in Montelíbano's rural area. Fortunately, no one was hurt. However, the vehicle's electrical system, control panel, gearbox ("caja de cambios") and seats were damaged by water. The vehicle, which is covered by our vehicles' insurance, is being repaired at the Ford's dealer in Monteria. Damaged

parts are not available in Colombia and as such, the dealer had to import them from the USA. By the end of this quarter, the project vehicle is still at the dealer waiting for the last parts to be imported. Not having one of the project vehicles for the entire quarter meant having to procure the services of local companies to transport project personnel and continue with normal operations in Cordoba. We expect to receive the vehicle towards the end of October 2013 if no longer delays with the import process take place.

SECTION VIII

ACTIVITIES FOR THE NEXT QUARTER

1. For the next quarter (October-December, 2013), we will expend \$5.1 million, including \$2.7 million in grants disbursements (CLIN3). Table 10 shows the monthly burn rates (actuals or projected) by CLIN for this quarter and next one.
2. We will reach the 75 percent of the non-LOC obligation (CLIN 1) by mid-December 2013. As required per FAR 52.232-22, we will send to USAID the Notification of Limitation of Funds the first week of October 2013, 60 days before exceeding 75 percent of the obligation. Regarding the LOC obligation (\$26,500,000), we anticipate reaching 75 percent of the obligation by May/June next year. We could reach this threshold earlier depending on how quickly a viable contractual solution for the FY2013 infrastructure projects is found.
3. Present to USAID for review and approval all remaining grants and direct implementation project activities prioritized for the Second Year Work Plan. An estimated 55 such funding actions remain.
4. Initiate all 2013 (Second Year Work Plan) project activities in all 16 target CELI N/S municipalities.
5. Continue in the implementation of remaining 2012 (First Year Work Plan) grants and activities. By the end of calendar year 2013, we expect to reach the 95 percent mark (approximately).
6. Develop and present to USAID of the Third Year Work Plan corresponding to calendar year 2014.
7. Expand preparation and presentation of success stories and other project related informational material for USAID consumption.
8. Expand work with Colombian media to disseminate CELI N/S project experiences and human interest stories.
9. Commence utilization of the Grant Financial Tracking and Disbursement System.
10. Continue leveraging public and private funding and establish alliances.
11. Continue to monitor and audit grantee financial performance.
12. Review Gender Strategy implementation as per established guidelines and methodology.
13. Implement environmental mitigation measures in all regions.

SECTION IX

ANNUAL REPORT 2013

CELI North/South

1. Project Purpose

The Colombia Enhanced Livelihood Initiative North/South (CELI N/S) has the mission to assist the Government of Colombia (GOC) regain national authority over parts of its territory under the control or influence of insurgent groups and, in recent years, competing criminal gangs engaged in the production of illegal crops, drug trafficking, kidnapping, extortion and terrorist activity. CELI N/S's purpose is to support and accompany the implementation of the GOC's Administrative Unit for Territorial Consolidation (UACT), housed under the Department for Social Prosperity (DPS) of the Office of the President, in 16 prioritized municipalities (10 in the Department of Antioquia, five in Southern Córdoba, and Tumaco in the Department of Nariño). CELI N/S's implementation strategy consists of an integrated development program focused on the following components:

- Improved Governance
- Increased Social Capital
- Fostering Economic Development
- Social Infrastructure
- Land

CELI N/S also carries out activities in the cross-cutting areas:

- Environmental awareness and sensitivity,
- Gender equity
- Communications to support a culture of legality and good citizenship

Projects supported in the above programmatic components are the outcome of a broad-based consultative process involving all relevant local municipal and community stakeholders, and reflect the interests and priorities of the local population. Most grants are awarded to local community organizations and producer associations for the implementation of activities, such as basic infrastructure, food security, agricultural production and marketing, organizational development and strengthening, cultural identify, and strengthening social capital. All grants are implemented on a co-funding basis with counterpart resources provided by local and department governments, national government agencies and programs, the private sector, and the beneficiary communities.

2. Context

CELI N/S made major progress implementing project activity during the second contract year (October 2012-September 2013) against the backdrop of an extremely active and fluid political and security environment, dominated in large measure by the Havana peace

talks between the Colombian Government (GOC) and the FARC (Fuerzas Armadas Revolucionarias de Colombia). Having passed the one-year mark in the peace negotiations, an atmosphere of pessimism most aptly describes the current national mood of Colombians. After a first agreement on agrarian issues raised national hope, the next agenda item on political participation underscored the difficulty of the process and the apparently intractable positions and differences of the parties over issues such as accountability for years of violence and human suffering, immunity from prosecution, and access to political power and representation. [REDACTED]

[REDACTED]

Colombians according to a recent survey are generally against suspending the talks, but over 70 percent express pessimism over the final outcome. The yearning for peace is intense, but increasing popular anger over a seemingly cynical and hypocritical FARC leadership is fostering a growing sense of resignation that Colombia could face more years of conflict. July and August were tumultuous months with demonstrations throughout the country that mobilized small farmers, miners, truck drivers, indigenous people, students, and other social sectors protesting everything from recently signed free trade agreements to the high cost of agricultural inputs and low commodity prices. There is no doubt that the FARC's hand was present in some of these social movements, particularly in areas with a history of insurgent presence. [REDACTED]

[REDACTED]

[REDACTED]

Fortunately for project implementation, CELI N/S has forged broad-based relationships with department, municipal, ministries and decentralized government agencies that have enabled continual progress in reaching contract goals. CELI N/S has also carefully followed its programming roadmap calling for defining and implementing all project activities with beneficiary communities and organizations. This method for project prioritization has protected implementation from extraneous demands for support that not always reflect local priorities. At the close of the second contract year, CELI N/S has

committed over 60 percent of its activity fund to support key project components in the 16 target municipalities. This has mobilized three times USAID investments with Colombian public and private resources. CELI N/S, with or without a successful peace agreement, is poised to continue effectively implementing social and economic change in its target areas that will positively impact the lives of thousands of persons and will strengthen both public and private institutions to continue building a better future for the population.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

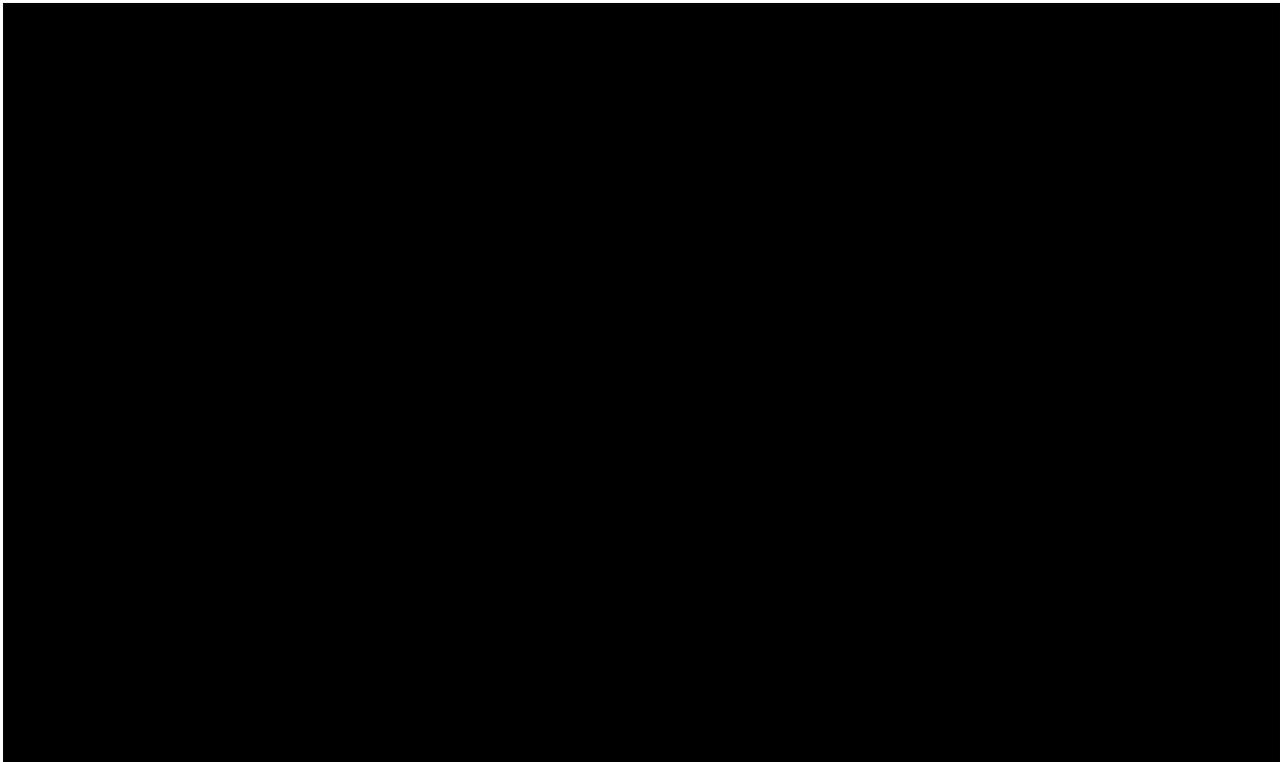
[Redacted]

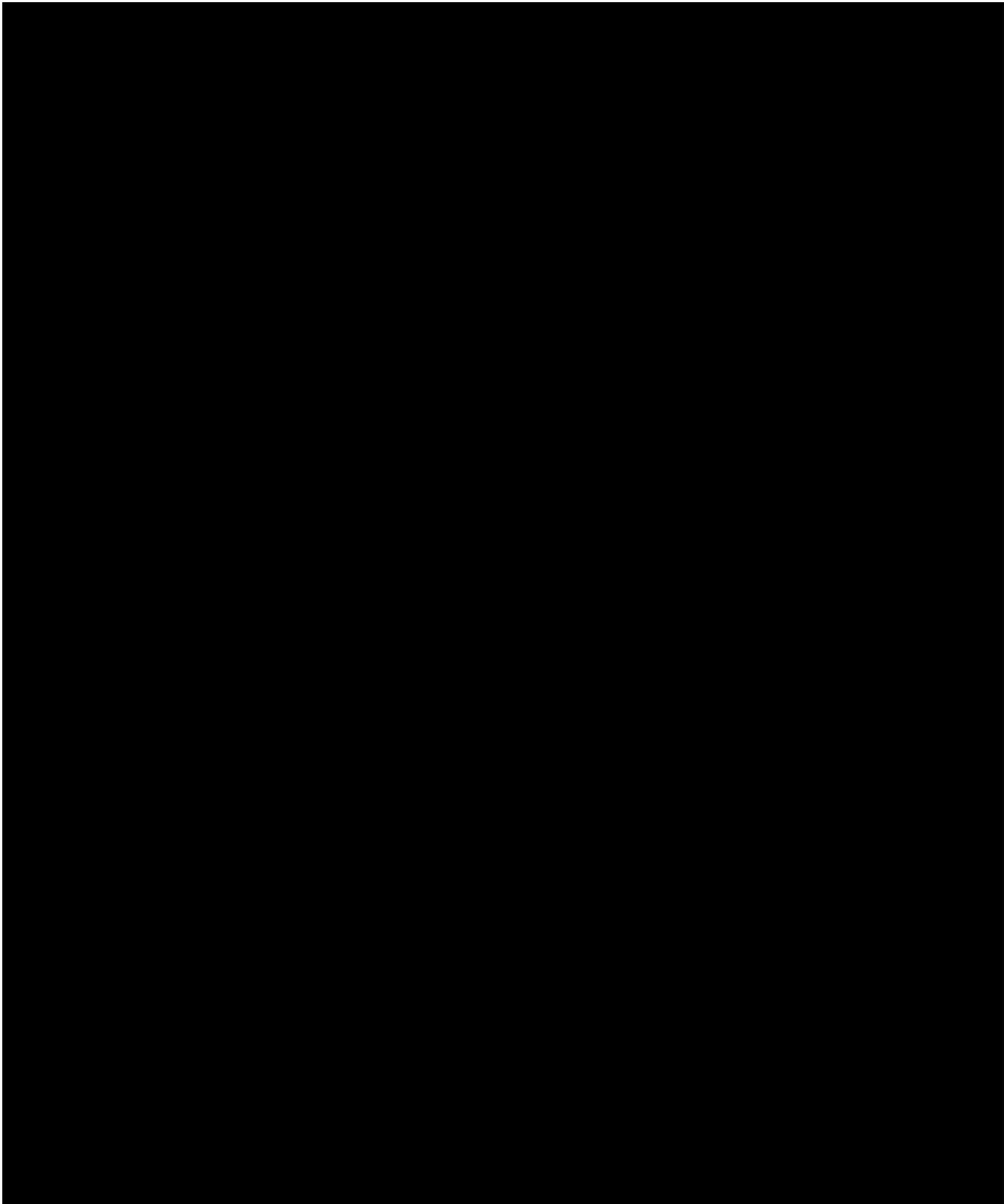
- [Redacted]

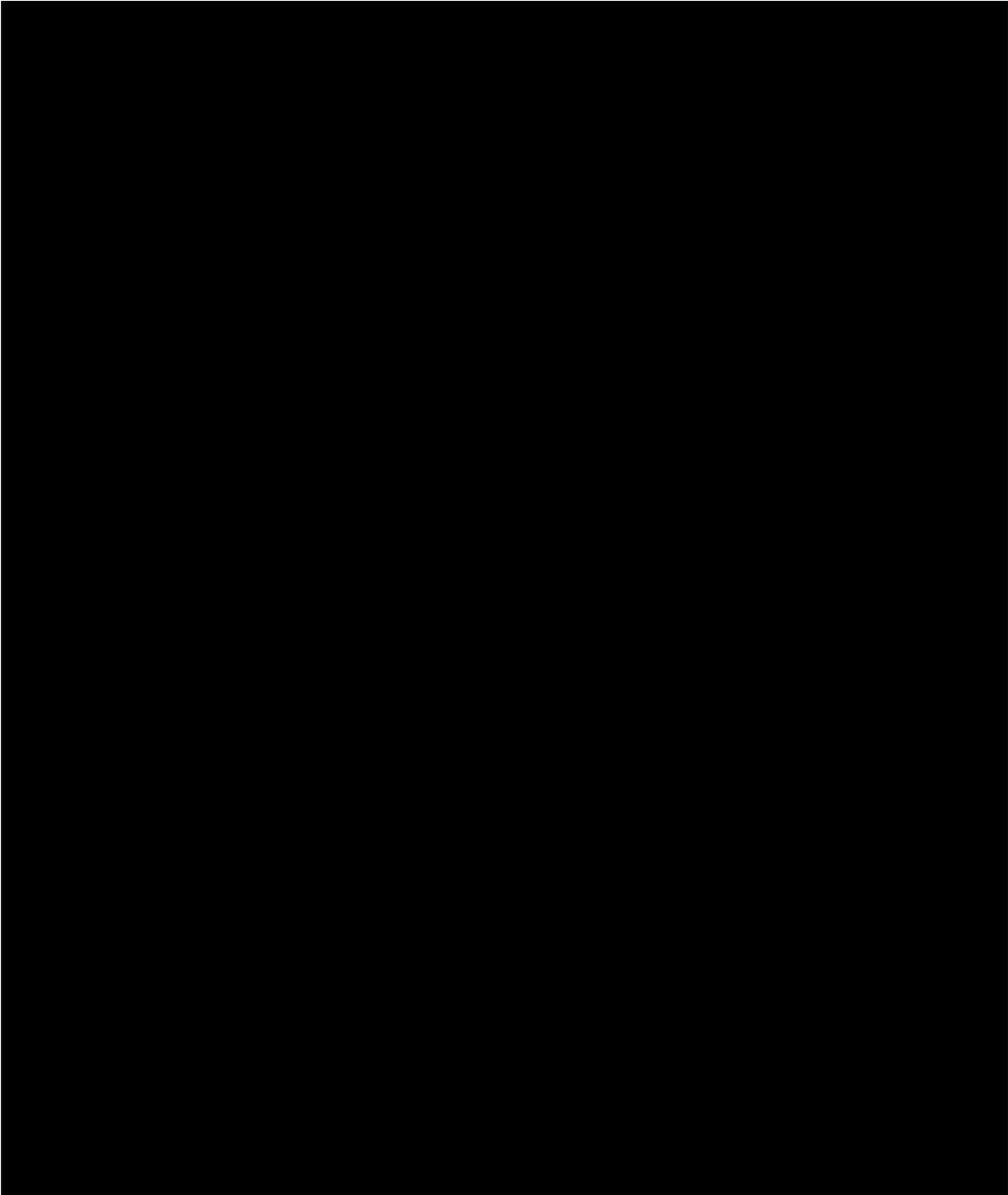
- [Redacted]

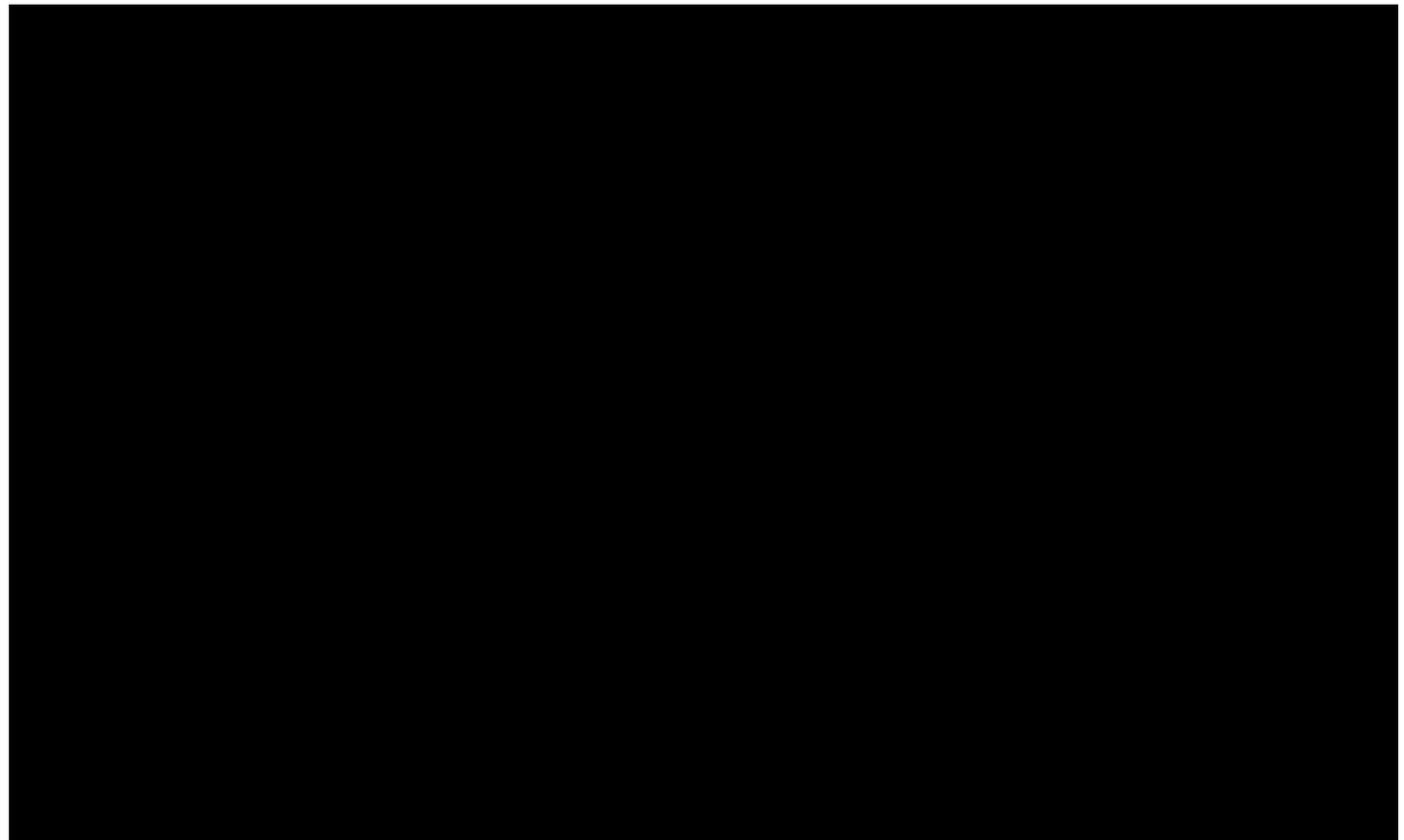
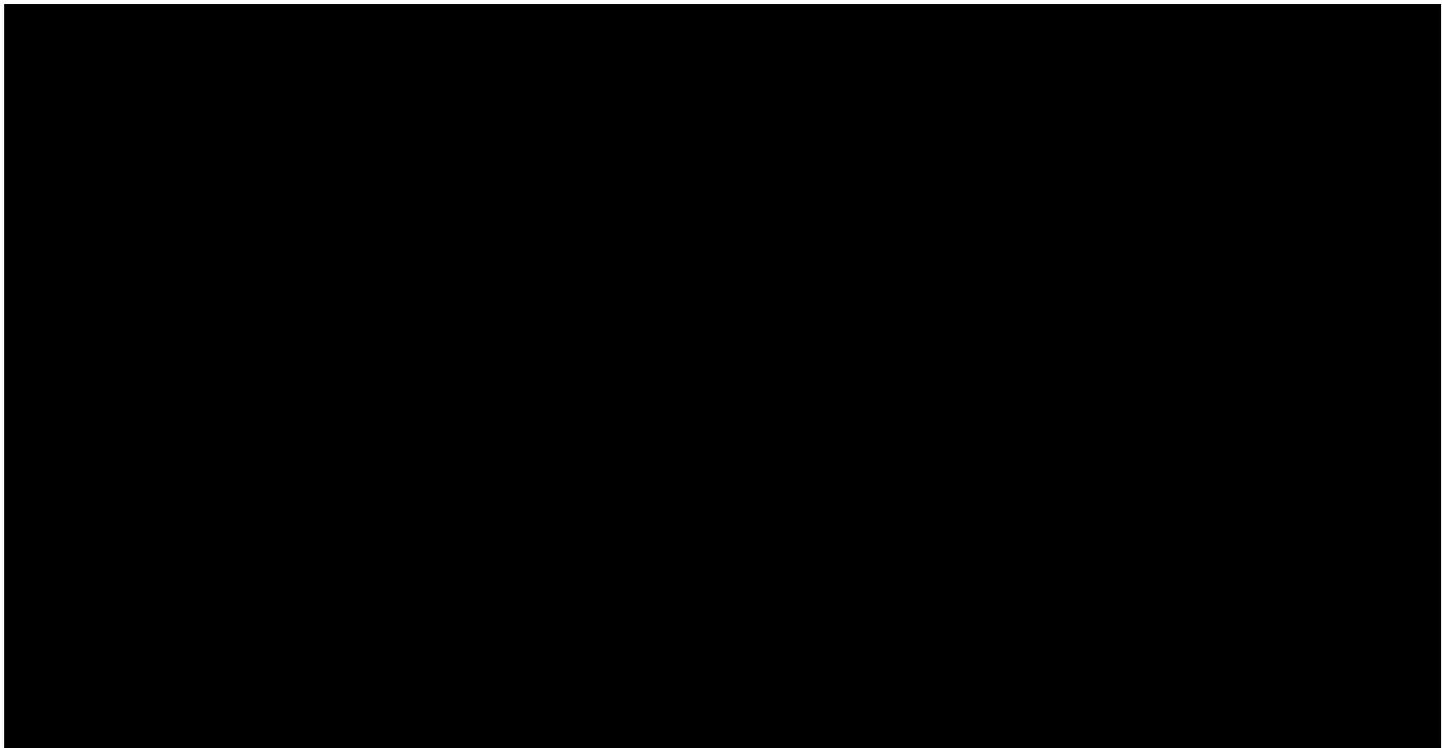
- [Redacted]

[Redacted]









4. Program Progress

a. Total committed and expended by component

Table 16 – Total Program Commitments/Obligations and Counterparts

Component	# Activities	CELI NS Commitments	Counterpart Public funding	Counterpart private funding	Total
Improved governance	100	\$8,334,511.643	\$1,912,344.105	\$ 435,104.000	\$ 10,681,959.748
Increased social capital	52	\$6,147,776.422	\$2,296,521.688	\$1,101,506.370	\$9,545,804.480
Foster economic development	107	\$23,132,736.109	\$32,330,162.342	\$54,104,264.607	\$109,567,163.058
Social infrastructure	129	\$14,276,541.770	\$6,312,339.723	\$1,156,532.235	\$21,745,413.728
Land	11	\$1,927,400.816	\$2,292,353.309	\$138,335.245	\$4,358,089.370
Total COP\$	399	\$53,818,966.760	\$45,143,721.167	\$56,935,742.457	\$155,898,430.384
Total US\$		US\$29,899,426	US\$25,079,845	US\$31,630,968	US\$86,610,239

Table 17 – Total Funds Expended

Component	CELI N/S	Public Funding	Private Funding	Total
Improved Governance	\$4,180,770.647	\$34,763,146.390	\$628,423.949	\$39,572,340.986
Increased social Capital	\$3,521,341.692	\$1,167,858.560	\$403,344.909	\$5,092,545.161
Foster Economic Development	\$10,812,273.873 ¹	\$11,871,445.548	\$3,628,143.072	\$26,311,862.484
Social Infrastructures	\$8,844,823.402	\$3,732,609.482	\$612,110.090	\$13,189,542.974
Land	\$942,418.954	\$568,230.654	\$65,879.638	\$1,576,529.246
Total COL\$	\$28,301,628.568	\$43,859,988.158	\$13,581,204.134	\$85,742,820.861
Total US\$	US\$15,880,817	US\$24,366,660	US\$7,545,113	US\$47,634,900

b. Summary of the main achievements of the program by component.

An analysis of project indicators contained in the Quarterly Report section of this report illustrates the across-the-board increases in project activities, results achieved, and resources committed, expended and mobilized during the Second Contract Year. The total value of the CELI N/S portfolio of activities, including counterpart, increased from US\$49,448,718 at the end of the First Contract Year to US\$86,610,239 for this reporting period. The number of grants and direct implementation activities increase from 262 to 399 in the same timeframe.

All project components in the 16 target municipalities have experience exponential implementation growth. Virtually all infrastructure projects prioritized in 2013 have been successfully completed. Economic development activities have advanced apace with progress among the 49 producer associations and their more than 10,000 members forming consortia, linking to markets, increasing production and establishing new

plantations. In all, CELI N/S has directly reached more than 200,000 persons, who represent approximately 20 percent of the population in the 16 municipalities.

Of particular note is the enormous impact that the local savings and loan groups are having in the CELI N/S territories. Thus far, more than 9,000 individuals form part of a group with an explosion of project ideas emanating from these groups. They include building a long-desired bridge to the community, over 1,700 individual loans to members to tend to urgent needs (such as the burial of a child), and the start of business like bakeries, shoe manufacturing, food catering, community drugstores, and many others. These groups are also helping restore trust and repair a torn social fabric after decades of war, displacement and violence. The savings and loan groups, known as GLAC – Grupos de Ahorro y Crédito, are highlighted in the Transforming Lives section of the July-September Quarterly Report.

Advances have been made on other fronts, such as drawing resources from national programs, such as *regalías*, Alianzas Productivas, Oportunidades Rurales, Mujer Rural, and others. This accounts for a significant increase in leveraging and counterpart from about US\$34 million in 2012 to over \$58 million in 2013.

Finally, CELI N/S experienced some difficult moments as well. A change in the *semáforo* (system to measure security) in three municipalities of Antioquia changed from yellow (somewhat secure transitional) to red (insecure), forcing a halt to project activities based on Mission Order 200-07, which forbids USAID program implementation in red areas. After several months of discussion, USAID/Colombia issued a waiver to enable completion of project activities in these red areas in order to fulfill commitments. In Tumaco, chronic security considerations have plagued project activities. The forced displacement of the leaders of one of the *consejos comunitarios* (Afro-descendent self-governing community) temporarily halted several important infrastructure and economic development projects. Fortunately, with time, these activities were resumed following an agreement between the old displaced leaders (forced to flee to Bogota) and the new leadership. Mass demonstration in Antioquia, but also in Tumaco and Córdoba forced the closing of the CELI N/S office in Cauca for over a month, delaying implementation. Despite these difficulties, most project activities have managed to continue.

i. Improved Governance: To date, USAID has approved 100 funding actions (grants and direct implementation activities) for a commitment of US\$4,505,141 in Activity Fund resources to strengthen municipal and department governance, and provide institutional support to the UACT of Antioquia, Córdoba and Tumaco. A wide range of governance strengthening activities has been implemented over CELI N/S's first two contract years. At the start of the contract, these primarily focused on helping municipalities with development plans and backstopping the activities of the UACT at the regional level. Over time, activities increased in complexity and coverage. The two flagship projects are 1) an agreement with a consortium that includes the University of Antioquia and the Bolivarian Pontifical University of Córdoba to provide a comprehensive range of municipal strengthening and training activities for municipal officials in the 15 target municipalities of Antioquia and Córdoba, and 2) an agreement with the University of El Valle in Cali to provide similar support to the municipality of Tumaco. Other activities include help with municipal finances, legalization of municipal property, preparing priority projects to obtain funds from the "Regalías" system (royalties

from extractives industries), and strengthening municipal institutions, such as the Municipal Councils for Rural Development.

ii. Increased Social Capital/Communications: USAID funds amounting to US\$3,323,122 went to support 52 grants and activities in communications and building social capital through institutional strengthening. While this activity absorbed comparatively fewer USAID resources, it nevertheless is creating major impact for change at the municipal level. An important focus is on women and youth. Activities include sports, culture, institutional strengthening, communications and ethnic identity. Of particular impact are the communications collectives that disseminate the values of legality and share success stories related to CELI N/S's intervention. Social capital strengthening is, in fact, a cross-cutting component that touches upon all aspects of project implementation, including governance.

iii. Economic Development: The largest single programmatic commitment for a total of US\$12,504,181 went to support 107 economic development and food security projects in the 16 municipalities. This component also leveraged the largest amount of public/private resources, amounting to almost US\$47 million in only two project years. The economic development strategy is focused on strengthening producer associations, *consejos comunitarios* (Afro-Colombian self-governing territories), and other grassroots enterprises, to increase the quantity and quality of their production, strengthen their organizations, and establish links with other businesses to access high value markets or value added. The principal products in the 16 CELI N/S municipalities are cacao, rubber, coffee, coconuts, sugar cane for molasses, dairy products, honey, small livestock, rice and other seasonal crops, shrimp farming, fresh and salt-water fishing, and lumber. Another growing focus is on micro-enterprise development, both individual and by group. Economic development is also accompanied by the promotion of agricultural credit and micro credit. A signature CELI N/S program that has had remarkable success is the formation of community banks, which now surpass 600 and involve more than 9,000 individuals. At the six-month mark since the start of this program, dozens of small enterprises are beginning to emerge funded solely with community resources. This program also touches strongly on social capital formation. The community banks are providing the venue for people coming together to discuss their problems and strengthen bonds and trust, which lie at the heart of the Consolidation and peace effort. The project is showing growing success in establishing public/private partnership and value chains with numerous linkages to private companies. Finally, CELI N/S has had considerable success attracting resources through Ministry of Agricultural programs such as *Allianzas Productivas*, *Oportunidades Rurales*, *Mujer Rural*, and *Desarrollo Rural con Equidad* (which funds soil improvement, irrigation and drainage projects). Ultimately, economic development will be the driving force for sustainable change.

iv. Social Infrastructure: The largest number of grants involved an assortment of small infrastructure projects. A total of 129 such projects were divided among the 16 municipalities with a USAID investment of US\$7,717,049 million. Most grants were awarded as Fixed Obligation Grants (FOG) to *juntas de acción comunal* for direct implementation by these legally recognized community organizations. Projects included school repair, school furnishings, cement slabs for sporting activities (basketball and soccer), repair of health posts, pedestrian bridges, tertiary

road improvements, pedestrian walkways, youth parks, water systems and river docks in Tumaco. To support, guide and supervise the implementation of these infrastructure projects, CELI N/S engaged the services of the Fundación para la Inversión Social (FIS) a well-known Colombian NGO that specializes in participatory, self-help community infrastructure. What is noteworthy is that this component is at the heart of the trust building, social capital strengthening effort of the project. It is also a key to good governance. Building the capacity of these legally constituted neighborhood and community organizations that form the foundation of the Colombian state is the best way to ensure municipal accountability, citizen participation, and attention to priority community needs.

v. Land: CELI N/S continues to experience difficulty launching and implementing projects related to land restitution and formalization. Nonetheless, 11 activities valued at \$1,041,838 in USAID investment have been approved and are at various stages of implementation. [REDACTED]

[REDACTED] Other activities involving land focused on supporting municipal “land” offices in Tumaco, and El Bagre. In the case of El Bagre, CELI N/S joined forces with the Department of Antioquia and CORANTIOQUIA, the autonomous environmental agency for the Department, to help with the legalization of municipal property.

vi. Gender: CELI N/S implemented a comprehensive gender strategy during the second contract year. With the support and leadership of a gender specialist, provided by Chemonics sub-contractor dTS, CELI N/ undertook an assessment of how CELI N/S will conduct a well-structured and systematic gender analysis to ensure gender neutrality and equity in all project activities. The gender specialist conducted a workshop involving project staff from the regional offices, and developed gender criteria and analytical instruments based on the realities and nature of the CELI N/S project. She then conducted training workshops for CELI N/S program and national staff in the application of these instruments. During the analysis and review of all project activities for 2013, the gender analysis instrument was used to ensure gender equity or neutrality for all projects.