

MIDAS

Más Inversión para el Desarrollo Alternativo Sostenible

Agribusiness Component Work Plan

April 2006

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



USAID
FROM THE AMERICAN PEOPLE

COLOMBIA

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Acronyms

MIDAS Agribusiness Component Acronyms

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

1. Life of Program Work Plan

1.1. Brief Background on Component

The Agribusiness Component (ABC) is part of a larger USAID-funded effort focused on generating significant new sources of Alternative Development (AD) in six corridors within Colombia to further the mission's Strategic Objective 2: "Expanded economic and social alternatives to illicit crop production." Specifically, the Component seeks to stimulate new or significantly expanded private sector agribusinesses that will facilitate increased agricultural plantings that decrease land available for the production of illicit crops, and that provide sustainable sources of alternative income.

The ABC is based on the highly successful ongoing project, CAPP, which is in its third year of operations, and has the primary objective of developing sustainable commercial businesses in the agricultural sector. Unlike CAPP, however, the ABC is part of a larger program that has two additional business development components (Commercial Forestry and SME) that also seek to directly create sustainable AD opportunities by developing businesses; and one component, Policy, that seeks the same objective indirectly, by supporting the Government of Colombia (GoC) to enhance the policy, regulatory and institutional environment to stimulate economic growth in Colombia. Finally, all MIDAS components are supported by the MIDAS crosscutting Technical Services, Project Financial Analysis, Program Planning and Grants and Sub-contracts Departments that will provide their high quality services to the components, including the ABC.

Further, MIDAS is beginning operations at the same time a sister project, ADAM, is starting up. ADAM and MIDAS have converging interests in the agricultural sector, although ADAM focuses on small-scale, grass roots producers/beneficiaries, while MIDAS will work with larger new- and/or expanded private sector agribusinesses. Nonetheless, in some cases the two programs will work with the same value chains, and therefore will work together in a cohesive, cooperative manner to optimize mutual results.

ARD, Inc., is implementing both the ADAM, CAPP and MIDAS programs. Consequently, there are built-in opportunities to take advantage of synergies both within MIDAS itself, i.e., amongst the various components, as well as between ADAM and MIDAS. CAPP will be formally merged into the MIDAS structure for its two remaining years. Thus, there is a rich body of experience to inform the MIDAS agribusiness program to capitalize on CAPP's successes and benefit from its Lessons Learned.

1.1.1. Role of the Agribusiness Component in the MIDAS strategy

The ABC's main role is to create viable and sustainable agro-industrial projects that vertically integrate the links of the production chain to the market, essentially linking small- and medium associated growers directly to processing and trading companies within the six defined growth corridors. This will stimulate and support more hectares of sustainable licit crops in production, and will significantly increase alternative income opportunities.

The ABC faces both constraints and opportunities. To most effectively plan for results, we seek to mitigate the constraints and capitalize on the opportunities. Following is a brief description of what we believe we will be exposed to during MIDAS implementation.

1.1.2. Significant Constraints

The two largest issues that constrain successful implementation of ABC activities are related to land and finance.

Land markets are problematic throughout Colombia in terms of both land tenure and land use rights. We envision that many ABC activities will be implemented via *asociativo* projects that encompass large numbers of smallholders, many of which have informal rights (e.g. *carta venta*) to their land. This challenge implies time and money investments for the ABC, since legalizing land tenure takes many months, and costs per landholder are about USD\$340 (and a single *asociativo* project may entail 100 smallholders). Without legal title, *predio* owners are not eligible for credit, which is an essential element of nearly all ABC projects.

The second issue is finance. Colombia's financial sector is not predisposed to lend to the agricultural sector, particularly in sub-sectors that are unproven or to clients that are new. The CAPP experience is that even though banks may approve loans, they are then very slow to disburse funds. Given that planting/harvest schedules are based on seasons, a few months delay in planting due to withheld loan disbursements can cause an entire year's delay in meeting project objectives because planting, and therefore harvests and positive cash flow, will be delayed.

Other constraints include inequitable and irrational tax structures imposed on the agricultural sector; the lack of qualified operators, integrators and in general service providers in the six growth corridors; lack of productive infrastructure (e.g., nurseries); and ongoing security issues at and near project sites.

1.1.3. Significant Opportunities

Conversely, there are current opportunities that will assist the ABC to achieve its goals.

Perhaps most importantly, MIDAS is an integrated project. For example, the Policy Component will work to address land, finance, and tax issues from a regulatory, institutional and policy perspective, and the SME Component may assist the ABC to identify and then strengthen potential service providers. The Outreach Department will help to accelerate the proposal solicitation process, and the Technical Services Department will seek to identify alternative sources and/or structures of finance for ABC proposals. Finally, MIDAS will have regional offices with an ABC representative in the Corridors who will facilitate proposal development and enhance project implementation.

An additional opportunity lies within the cacao sub-sector that has optimum production conditions in Colombia and very good world market opportunities. The international cacao market is currently strong, with good prices and robust demand. Buyers in the Western Hemisphere are anxiously awaiting increased production of quality cacao to come on line. Two of five ABC Fast Track projects are in cacao, and Year One activities will likely focus on developing more cacao projects.

The ABC will also take advantage of the opportunity to tap appropriate technology available within Colombia as part of the technology transfer and training packages that are offered to our project beneficiaries. These may include the regional *Centros Provincial de Gestion Agroempresarial* and technological packages provided via CORPOICA and IICA.

Thanks to CAPP's record of accomplishment, the ABC will get off to a healthy start, as several well-known and experienced Colombian agribusinesses have expressed interest in participating in our early proposal development activities.

Finally, the recently signed U.S./Colombia Free Trade Agreement (FTA/TLC) may have a beneficial impact on some of the ABC target sub-sectors. Working with information provided by the GOC and our own sub-sector competitiveness assessment, we will target products identified as optimum within the context of the TLC.

1.2. Basic LoP Component Objectives

1.2.1. Qualitative Objectives

The primary objectives of the ABC are to stimulate a significant increase in the number of supported hectares of longer-term licit crops planted and sustainable jobs created within MIDAS growth corridors where illicit crops are grown and/or illicit crop-related post harvest activities are taking place. The activities of the ABC will be dominantly focused on significantly expanding existing agribusinesses, and stimulating the start-up and supporting the sustainability of new agribusinesses. Such activities will result in developing viable, licit, sustainable businesses; integrating the links of value chains within the agricultural sector; reactivating regional economies; and sustainably strengthening entrepreneurial skills and fomenting an entrepreneurial culture within the six MIDAS growth corridors.

These specific objectives contribute not only to the USAID objectives discussed subsequently, but also to many of the Government of Colombia's objectives as detailed in the CONPES Document 3218 of 2003, Vision Colombia 2019, the Ministry of Agriculture's Top 10, and other relevant documents.

1.2.2. Quantitative Objectives

1.2.2.1. Key Indicator Results Matrix

Life of Project (LoP) quantitative goals, as measured by Key Indicators are shown in Table 1 below.

Table 1: Key Indicator Results – LOP

Performance Indicators	SO	IR	Contractual Goal	YEAR 1*	Year 2	Year 3	Year 4	Year 5	TOTAL
				2006	2007	2008	2009	2010	
1. Number of Jobs Created	SO2, SO3	2.1	31,000	1,873	5,500	10,500	10,000	3,127	31,000
2. Hectares Supported	SO2	2.1, 2.3	130,000	3,294	25,000	49,561	47,145	5,000	130,000
3. Number of Families Benefited	SO2	2.1	16,000	492	2,892	5,837	5,169	1,611	16,000
4. Sales Increase Percentage per Year /SME	SO2	2.1	NA	-	-	-	-	-	NA
5. Producer Associations/ Processor Strengthened	SO2	2.2	30	7	12	11	-	-	30
6. Proposals Being Processed	INTERNAL		NA	43	40	40	-	-	123
7. Projects Signed	INTERNAL		45	10	20	12	3	-	45
8. Number of Alliances Developed	INTERNAL		45	10	20	12	3	-	45
9. Private Sector Firms Formed or Strengthened	SO2	2.2	45	10	20	12	3	-	45
10. Productive Infrastructure Projects Completed	SO2	2.1	NA	0	0	0	0	0	0
11. Total Value of Supported Projects (US\$ 000)	INTERNAL		186,207	10,345	31,841	72,807	54,186	17,028	186,207
12. MIDAS Average Share of Total Investment (%)	INTERNAL		14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
13. MIDAS Total Project Support (US\$ 000)	INTERNAL		27,000	1,500	4,617	10,557	7,857	2,469	27,000
14. Private Sector Funds Utilized (US\$ 000)	SO2, SO3	2.2, 2.1	NA	8,845	27,224	62,250	46,329	14,559	159,207

* See breakdown in section 2.1.2.2

1.2.2.2. Explanation of Indicators

Definitions of these indicators can be found in the Program Level Work Plan. By focusing efforts on growing sustainable agricultural and agro-industrial projects within the six Growth Corridors, the ABC will support USAID's strategy as outlined in SO2, SO3, and IRs 1.1, 2.1, and 2.2 to achieve significant results in number of hectares supported, number of families benefited, increased sales, increased employment, and strengthened producer associations. The strategy to achieve these results includes the following elements:

- *Arranque Rapido*: In Year One, five projects that were initially identified by CAPP will be fast-tracked using the MIDAS review and evaluation methodology;
- Motivate currently successful CAPP operators and integrators to propose new activities;
- Develop a campaign for promoting the Program in all six Corridors;
- Work to strengthen current operators and integrators and/or create new ones;
- Promote long-term crops (e.g., African palm and cocoa) that lend themselves to economies of scale in terms of technical assistance, training and administration;
- Careful prioritization of project proposals to promote those that have excellent prospects for sustainability; and
- Accelerate the identification and utilization of additional sources of finance for projects.

1.3. Component Organization Structure and Responsibilities

1.3.1. Component LT Structure

The ABC organization structure is shown in Figure 1 and an explanation of the responsibilities of ABC staff is outlined in Table 2.

Table 2

POSITION	NAME	MAIN RESPONSIBILITIES	START DATE
Agribusiness Component Manager (ACM):	Susan Corning	a) Supervise component staff and activities b) Oversee and supervises the identification and evaluation of proposals c) Supervise other contractual requirements (e.g. corridor sub-sector competitiveness assessments) d) Coordinate with other component managers e) Liaise and coordinate with USAID Activity Manager, GOC counterparts, Colombian Private Sector participants, ADAM, PILAS, and other AD-related projects f) Facilitate and manage the integration process of CAPP into MIDAS	January 16, 2006
Project Implementation Senior Manager (PIM)	Peter Gault	a) Manage implementation of ongoing CAPP projects under the new MIDAS/CAPP merged structure b) Manage implementation of new projects approved under MIDAS	May 1, 2006 (from CAPP)

Proposal Development Manager (PDM)	Roberto Albornoz	a) Supervise ABC proposal development staff b) Supervise Corridor office staff c) Supervise the identification and effective and efficient development of proposals	May 1, 2006
Senior Project Coordinator (SPC)	Alvaro Pio	a) Manage the Proposal Coordinators (PCs) and Assistant Proposal Coordinators (APCs) b) Ensure proposals are effectively and expediently developed, including the development of commercially viable business plans and an ABC support package	May 1, 2006
Proposal Coordinator (PPC)	TBD	a) Manage the assessment and/or development of proposals brought to MIDAS by the Colombian agribusiness community b) Coordinate the proposal development process through all stages	May 1 (3 to start)
Project Coordinator (PJC)	TBD	a) Coordinate the implementation of ABC projects approved by the Review Committee b) Monitor the successful implementation of approved projects, i.e., help them to achieve their agreed plans, schedules and financial performance	TBD
Assistant Proposal/Project Coordinator (APC)	TBD	a) Support PPC by providing information in a timely fashion to support the development of proposals and business plans b) and/or Supports PJC during project implementation	May 1 (2) 4 TBD.
Production Agriculture/Cacao (PA/C)	George Loquvam	a) Provide oversight and technical assistance from an international perspective to production agriculture and cacao proposal development and project implementation activities b) Broaden cacao marketing efforts beyond Colombia's traditional framework, and provide oversight of the Farmer Field School (FFS) methodology c) Provide international best practices in income-generating production schemes that include intercropping short-term crops with longer-term orchard crops, linking farmers to markets via internationally accepted methods, post-harvest handling practices and consolidating marketing d) Improve value-chain activities in seedling/nursery development; pre-cultivation and production assessment activities, post-harvest on-farm handling activities; associative production activities; and associative institutional development	April 10, 2006
Marketing and Competitiveness Advisor (MCA)	TBD	a) Provide strategic assistance to identify markets in which prospective proponents are highly competitive b) Assist in forging linkages to those	TBD

		markets c) Optimize proponents marketing activities d) Train PCs in competitiveness assessment and enhancement methodologies to better analyze and develop potential sub-sectors and proposals	
Financial Analyst (FS)	TBD	a) Manage all financial aspects of proposal development (due diligence) in concert with the Project Financial Analysis Department (PFAD); b) In cooperation with the FPAD, develop financial guidelines for assessing the financial viability of proposals during screening, assessment and development and project implementation	May 1
Corridor Office Agribusiness Specialists (RS)	TBD	a) Provide support to the ABC proposal solicitation process and “marketing” campaign b) Communicate with and provide support to the proponent during the proposal development process c) Provide corridor-level support to project implementation	June (2) Jan 07(4)

This structure reflects USAID’s decision to fully integrate CAPP into MIDAS. To achieve this aim, the CAPP agribusiness staff will be integrated into the ABC. CAPP Administrative, Controller and other personnel will be integrated into the relevant MIDAS department.

1.3.2. Role of U.S. and Colombian Partners

The ABC will be assisted by U.S. and Colombian subcontractors and resource groups. Table 3 summarizes the likely participation by both.

Table 3 ABC US and Colombian Partners

FIRM	AGRIBUSINESS
COLOMBIAN PARTNERS	
UNIVERSIDAD DE LOS ANDES	Input to subsector competitiveness and marketing study
IICA	TA and strengthening of new associations in the pre-implementation phase
COMPARTAMOS	Associations organization
SAC	Internal competitiveness study
C.I. CACAO	Cacao forward contracts; ECAS
CORPOICA	Appropriate technology packages
OIM	Associations organization with displaced people
US PARTNERS	
J.E. AUSTIN ASSOCIATES, INC	Subsector’s competitiveness and marketing study
World Cocoa Foundation	Cacao marketing, technical assistance and training - ECAS

1.4. GANT Chart: LOP

Table 4 illustrates the anticipated timing of ABC proposal development and project implementation activities for the LoP.

Table 4 ABC LoP GANT Chart

ACTIVITY	GOAL	YEAR 1 / 2006				YEAR 2 / 2007				YEAR 3 / 2008				YEAR 4 / 2009				YEAR 5 / 2010				TOTAL
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Proposals Received	NA	16	18	6	3	10	10	10	10	10	10	10	10	0	0	0	0	0	0	0	0	123
	Cumulative	16	34	40	43	53	63	73	83	93	103	113	123	123	123	123	123	123	123	123	123	123
Proposals Screened	NA	9	9	3	0	9	9	9	9	9	9	9	9	0	0	0	0	0	0	0	0	0
	Cumulative	9	18	21	21	30	39	48	57	66	75	84	93	93	93	93	93	93	93	93	93	93
Proposals Assessed	NA	0	12	4	2	6	6	6	6	6	6	6	6	0	0	0	0	0	0	0	0	0
	Cumulative	0	12	16	18	6	12	18	24	30	36	42	48	48	48	48	48	48	48	48	48	48
Proposals in Development	NA	0	9	6	3	5	5	5	5	5	5	5	5	0	0	0	0	0	0	0	0	0
	Total at End of Month Result	0	6	7	8	5	10	15	20	25	30	35	40	40	40	40	40	40	40	40	40	40
Proposals Passed into Implementation by R.C.	NA	0	3	5	2	5	5	5	5	5	5	3	2	0	0	0	0	0	0	0	0	0
	Cumulative	0	3	8	10	15	20	25	30	35	40	43	45	45	45	45	45	45	45	45	45	45
Financial Agreements Being Developed, and/or Waiting USAID Approval	NA	0	3	5	0	5	5	5	5	5	3	2	0	0	0	0	0	0	0	0	0	0
	Total at End of Month	0	3	10	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial Agreements Approved	NA	0	3	5	7	5	5	5	5	5	5	3	2	0	0	0	0	0	0	0	0	0
End of Month Total Agreements Waiting for Approval	NA	0	3	7	0	5	5	5	5	5	3	2	0	0	0	0	0	0	0	0	0	0
Implementation Agreements Signed	NA	0	0	3	7	5	5	5	5	5	5	1	1	2	1	0	0	0	0	0	0	0
	Cumulative	45	0	0	3	10	15	20	25	30	35	40	41	42	44	45	45	45	45	45	45	45
Implementation Grants and Contracts Completed	NA	0	0	0	0	0	0	0	0	0	5	5	5	5	5	5	5	5	5	5	0	0
	Cumulative	0	0	0	0	0	0	0	0	0	5	10	15	20	25	30	35	40	45	45	45	45
Projects Being Implemented (Signed - Completed)	NA	0	0	3	10	15	20	25	30	35	40	36	32	29	25	20	15	10	5	0	0	0
Projects in System (Proposals in Development + Passed the RC - Closed)	NA	0	12	11	13	20	25	30	35	40	45	43	40	30	25	20	15	10	5	0	0	0

1.5. Implementation Methodology

The ABC proposal development and project implementation methodology starts with the tried-and-true CAPP model, but is enhanced based on Lessons Learned from CAPP and ARD’s worldwide experience. Therefore, the ABC will benefit from CAPP’s experience, capitalize on its successes, and implement future activities by improving on the CAPP model based on lessons learned. Specifically, ABC activities will be enhanced by incorporating the following aspects into our methodology:

- Provide potential proponents with a user-friendly detailed guide on the process for submitting a proposal, including the criteria that will be used to determine if the proposal will be developed and supported;
- Develop a streamlined and less redundant format for the Project Description (PD) and ensure that the proponent knows ahead of time all the information required for the PD;
- Utilize the corridor offices to reduce “distance” from project proponents and ABC Bogotá staff;
- Achieve a high degree of clarity by staff on USAID and ARD approved operating policies and procedures as early as possible;
- Streamline the due diligence and cost justification processes for smaller projects;
- Develop a quicker way to provide funds for external proposal assessment and development, such as a pre-approved (IQC-type) sub-contractors list or a special fund that can be easily accessed under specific, pre-established terms and conditions;
- Develop specific marketing, market linkages and competitiveness expertise in-house;
- Use regional and local banks to help identify potential project proponents;
- Identify if and when displaced persons that have access to land and have been socialized can be formed into producer associations and become project proponents;

- Increase local approval authority, versus ARD HO and USAID, for smaller projects and expenditures;
- Seek nursery development projects in geographic areas where there are several projects that need nursery stock;
- Train customers on the REVA system very soon after a support instrument is signed;
- Include in large project's Award Budgets the cost required for external audits;
- Focus on the identification and development of qualified operators, especially in geographic areas and sub-sectors where few good operators are currently available;
- Develop service providers that can effectively form and help commercial producer associations become sustainable and reasonably self-sufficient;
- Develop a list of qualified service providers to help customers work through the complex processes of applying for and getting loans approved, including proof of land title or use rights; and
- Achieve frequent internal consultations at crucial steps with the COP, and perhaps STAM as appropriate.

The MIDAS proposal development and project implementation methodology is intended to ensure that all approved projects meet USAID and MIDAS criteria, have the potential to be commercially viable, are sustainable, and will significantly contribute to the ABC objectives. The phases in this process are illustrated in Table 5 and described in sections 1.5.1 through 1.5.6.

Fast track projects enter the process in Screening phase, but because they were previously evaluated by similar criteria we envision that they will rapidly pass to the Assessment phase.

Table 5

ABC Proposal Development and Project Implementation Process					
SEQUENCE	STEP	RESPONSIBILITY			TIMING
		SUPERVISOR	PRIMARY	SECONDARY	# DAYS
GENERATION					
1	Distribute Approved APS/RBP, including Terms of Reference (ToR) for Proposals	ACM	PDM	SPC/Outreach	During 2006
2	Marketing to Stimulate Submission of Concept Papers Proposals in Response to APS/RBP	ACM	PDM	SPC/RS Outreach	At least During 2006
SCREENING					
3	Receive and Log In Proposals / Concept papers	PDM	SPC	APC	1
4	Screen Proposals / Concept Papers	PDM	SPC	APC	4
5	Verify Customer Reputation and Sources of Funds	PDM	FS	SPC/APC	3
6	Further Detail/Refine Proposal with Proponent	PDM	SPC/FS	APC	3
7	Submit Proposals with Good Potential to Review Committee	ACM	SPC	PDM	2
ASSESSMENT					
8	*Assign Proposal Coordinator and Establish Task Team	ACM	PDM	SPC	1
9	Establish and Implement a Project Assessment Plan	PDM	PPC/APC/PRO	PPC/APC	5
10	Implement Assessment Plan	PDM	PPC/APC/PRO/RS	ST/TA	30 - 50
11	Present Detailed Assessment to Review Committee	ABM	PDM/PPC	SPC/PPC	1
DEVELOPMENT					
12	*Complete Business Plans, Financial Structure and Financial Evaluation. Environmental aspects approval by USAID. Implementation Plan, MIDAS Award Budget Draft and Agreement Outline Completed	PDM	PPC/APC/PRO/RS SPC M&E CO USAID	ST/TA	30 - 50
13	Prepare Project Description, Award Budget and Recommendations for Presentation to the Review Committee	ACM/COP	PPC/APC	PDM/SPC	5
APPROVAL					

14	Present to and Obtain Approval from Review Committee	COP/ACM	PPC/APC	PDM/SPC	2
15	Obtain USAID Approval of Support Instrument	ACM/PDM	USAID		20 -30
16	*Assign Project Coordinator and Task Team	ACM	PDM	SPC	1
17	Apply Final Verification Procedures and Clear all RC and USAID Contingencies	ACM/PDM	PPC/APC/FS M&E/CO	SPC	3
IMPLEMENTATION					
18	Sign Agreement with Proponent	CO	COP/PRO	DCOP	3
19	Train Proponent how to Implement Agreement	PIMM	SPC/PJC/M&E/CO/FS		2
20	Implement Agreement and Business Plan	ACM/PIM	PRO/PC/APC/ CO/FS/RS	SPC	During life Agreement Signed
21	Implement REVA System, including M&E, Environment, Financial and Technical monitoring	ACM/PIM	PJC/APC/RS/M&E/PRO/ FS	SPC/PJC	During life Agreement Signed
22	Develop Success Stories when Relevant	ACM/PIM	PJC/RS/M&E/PRO/FS	SPC/PJC	During life Agreement Signed
23	Third Party Audit if Support exceeds US\$300,000 in any 12 months	ACM/PIM	CO/FS/PJC	SPC	30
24	End of Project Report (close out if required)	ACM/PIM	PJC/FS/CO	PJC	40

***Assuming previous step is successfully completed**

1.5.1. Proposal Solicitation

The Proposal Solicitation phase conforms to the USAID requirement that all projects be competed via a published Annual Program Statement (APS). This phase supplies proposal guidelines, Terms of Reference (ToR) and any other criteria that potential Proponents should provide for their proposal to be considered by the ABC. MIDAS adds Request for Business Plans (RBP) to the name of the APS to further define what is being requested.

The **objective** of Proposal Solicitation is to receive a large quantity of potential projects that conform to MIDAS criteria, which will enable ABC reviewers to readily evaluate their comparative viability and sustainability. CAPP experience indicates that 26% of proposals received result in projects implemented.

Further, the CAPP experience is that a percentage of submitted proposals, profiles, or concepts arrive in substandard form. Thus, the ABC will prepare a guide to accompany the initial solicitation of proposals so potential proponents can develop proposals that are more standardized and with more complete information. Additionally, Corridor ABC staff will be available to assist in initial proposal/concept preparation and submission.

1.5.1.1. Methodology

- Release an approved APS/RPB
- Communicate MIDAS ABC objectives and key project screening criteria so that potential proponents submit high quality proposals, project profiles, or concepts
- Launch an information campaign, via the Outreach Department, that publicizes the MIDAS ABC program to high potential participants in the six growth corridors
- Establish a system for internally sharing, both within the ABC, with other components and in some cases with ADAM, potential proponent information

1.5.2. Proposal Screening Stage

The **objective** of this phase is to select those proposals or project profiles that will go to the assessment phase based criteria defined by the ABC and approved by USAID.

A project profile, concept, or proposal will undergo an initial screening process, completed by ABC staff and designed to weed out applications with minimal potential and assure that only viable and sustainable proposals are developed and supported by MIDAS. Screening phase steps are #3 - #7 on the Proposal Development/Project Implementation Table shown above. During this phase, the ABC will log in profiles and/or proposals, make an initial evaluation, revise proposals so they conform to the ABC format, and select those with the highest potential for Assessment. Proponents whose proposals pass from Screening to Assessment will be provided with the MIDAS Guide to Project Financing Sources that outlines what is required to obtain financing and likely sources of financing.

1.5.2.1. Methodology

- An initial project profile, concept, or proposal submitted by a potential customer will be screened using established and agreed Screening Criteria.

- If required, a potential proponent will be assisted to further develop an initial concept or proposal that seems to have good potential into a document that contains the information required for the Screening phase.
- Additional background information will be collected by ABC Corridor staff. Independent information on the source of funds and the proponent's reputation will be collected and reviewed.
- The Screening Review Committee will select proposals for further development that are likely to meet full ABC criteria and have high potential for making a significant contribution to our objectives.

When the required information is in place, a proposal will go to the Screening Review Committee (RC) for their consideration. At a minimum, the committee will be comprised of the USAID Activity Manager, the ABC Manager, the Proposal Development Manager, the assigned PC, and other relevant members of the MIDAS senior management team.

If a proposal is approved by the Review Committee, it passes to the Assessment phase.

Specific criteria used during the Screening phase are shown in Table 6.

Table 6: ABC Screening Stage Screening Criteria

MIDAS- MAS INVERSION PARA EL DESARROLLO ALTERNATIVOS SOSTENIBLE																	
PROPOSAL AND PROJECT EVALUATION																	
SCREENING PHASE EVALUATION - AGRIBUSINESS COMPONENT																	
Proposal or project profile name:																	
Code:																	
<u>MUST HAVE:</u>																	
Requirement to Conform	Yes	No	Responsible														
Location is consistent with MIDAS target geography (six Corridors)			Proposal Coordinator														
Clear positive impact on a reduced supply of illicit production			Proposal Coordinator														
Significant positive impact on families, hectares and jobs w/in term of MIDAS Support			Proposal Coordinator														
Source of funds and Proponent not connected to illicit activities			Project Finance														
Commercial aspects of proposal appear adequate and sustainable			Proposal Coordinator														
Clear proponent cost sharing and sources			Proposal Coordinator														
Geographic area has or soon will have adequate security			Proposal Coordinator														
Note: One "NO" means "nonconformance"																	
<u>WOULD LIKE TO HAVE:</u>																	
Factors to Weigh	Weight	Grade	Score														
Project risks identified and understood	3		0														
Geographic area has or soon will have adequate infrastructure	3		0														
Vulnerable populations involved in project	2		0														
Synergy with other AD programs, esp. ADAM or PILAS	2		0														
Support of the local community	1		0														
Project will generate exports	1		0														
Total Score	12		0														
Minimum Score	36																
<p>By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal</p> <p>Evaluator: _____</p> <p>NOTE: This sheet will be completed by at least three separate evaluators</p>																	
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4	Good																
3	Average																
2	Fair																
1	Poor																

1.5.3. Proposal Assessment Stage

The **objective** of this phase is to assess selected proposals at a deeper level and determine if they should be passed into Development. During this phase, proposals are refined based on ABC assessment criteria. This phase requires a preliminary business plan that will often be developed with outside assistance via a MIDAS sub-contract with a qualified provider. Additional information is required at this stage, which will be acquired from the potential proponent as well as from ABC specialists (either sub-contracted or staff members) to further assess and confirm that the proposal meets ABC assessment stage criteria.

When the business plan is well advanced and the Review Committee completes the Assessment Phase with a positive determination, it passes to the Development Phase.

1.5.3.1. Methodology

- At this stage, the Proposal Development Manager will assign a Proposal Coordinator (PC) and Assistant Proposal Coordinator (APC) to each proposal to assist the potential proponent to refine and develop their business plan in accordance with ABC criteria.
- The PC/APC/FS/TA and the Proponent will identify business plan development needs and determine a business plan development work plan that includes a budget.
- The assessment stage involves a deeper review of the proposal in terms of how it meets the criteria and goals of the ABC. At this stage more detailed information is required in terms of:
 - the nature of the proposed or expanding agribusiness,
 - level/experience of participants in the business;
 - related associations that are participating;
 - management ability and experience of the proposed staff;
 - commercial aspects, including market conditions;
 - needs and cost (estimated) of required technical assistance;
 - finance needs/costs;
 - need and cost of soil analysis/water quality testing;
 - irrigation needs and costs;
 - participant training needs and costs;
 - verification that target area is free from illicit production
 - initial due diligence work;
 - verification of proponents' reputation; and
 - projection of environmental status.

At this point in Assessment, the Proposal Coordinator will recommend whether or not a proposed project is viable. In order to judiciously utilize resources, an internal review is invoked in which the PC, APC, and PDM at a minimum, and perhaps the USAID Activity Manager, discuss the relative merits of the proposed project. This is meant to be a step back and a “reality check” – and now a determination is made whether the PC/APC should proceed with completing Assessment. If the answer is “yes,” following are additional steps:

- Proposal proponents will develop a preliminary business plans, often with assistance from ABC personnel or STTA contracted by the ABC;
- When a proposal contains sufficient information including the preliminary business plan -- a “go/no-go” decision is asked from the Review Committee. This decision is based on a determination that the potential project is judged technically, financially, socially and managerially feasible; complies with USAID environmental requirements; counter-narcotics and counter-terrorism clauses..
- The Review Committee either will make a Go – No Go decision or, alternatively, will ask for additional, specific information.

Assessment Stage evaluation criteria are shown in Table 7.

Table 7 ABC Assessment Stage Screening Criteria

MIDAS- MAS INVERSION PARA EL DESARROLLO ALTERNATIVOS SOSTENIBLE																	
PROPOSAL AND PROJECT EVALUATION																	
ASSESSMENT PHASE EVALUATION - AGRIBUSINESS COMPONENT																	
Project Name:																	
Code:																	
MUST HAVE:																	
Requirement to Conform	Yes	No	Responsible														
Verification that location is consistent with MIDAS target geography			Proposal Coordinator														
Verification of a positive impact on a reduced supply of illicit production			Proposal Coordinator														
Verification of significant positive impact on families, hectares and jobs w/in term of MIDAS Support			Proposal Coordinator														
Verify that source of funds and Proponent not connected to illicit activities			Project Finance														
Verify that commercial aspects of proposal appear adequate and sustainable			Proposal Coordinator														
Verify clear proponent cost sharing and sources			Project Finance														
Verify that geographic area has or soon will have adequate security			Proposal Coordinator														
Initial proponents/participants have been identified, located & confirmed			Proposal Coordinator														
Note: One "NO" means "nonconformance"																	
WOULD LIKE TO HAVE:																	
Factors to Weigh	Weight	Grade	Score														
Positive impact on families	3		0														
Positive impact on hectares	3		0														
Positive impact on creation of jobs	3		0														
Environmental sustainability anticipated	3		0														
MIDAS share of total investment less than 20%	3		0														
Basic business plan developed	3		0														
Financing needs identified and availability is reasonably assured	3		0														
Impact on reduced production of illicit crops	3		0														
Proponent's managerial & administrative capacity	3		0														
Extent of commercial viability/sustainability	3		0														
Vulnerability of geographic area to illicit production	2		0														
Raw material supply	2		0														
Support from local communities	2		0														
Market established	2		0														
Proponent's business track record in same or similar business	2		0														
Availability of a qualified operator	2		0														
Security in & to/from geographic area	2		0														
Quality of infrastructure	2		0														
Project based in conflict zone	2		0														
Project risks identified and mitigation planned	2		0														
Proponent's experience in target geography area	1		0														
Synergy with other AD projects operating in the area	1		0														
Exports generated	1		0														
Total Score	53	0	0														
Minimum Score	159																
<p>By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal</p> <p>Evaluator: _____</p> <p>NOTE: This sheet will be completed by at least three separate evaluators</p>																	
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1.5.4. Proposal Development Phase

The **objectives** of the Development phase are to further develop a project and its business plan to a point where it clearly demonstrates that 1) a market is assured by forward contract(s) or other instruments; 2) finance is available and affordable; 3) MIDAS support is merited; 4) an award budget is drafted; and 5) an implementation plan is drafted. In other words, at this stage a project must be viable and sustainable. This is the penultimate review before a proposal can be passed into Implementation.

1.5.4.1. Methodology

The PC/APC with FS/STTA (if needed) and the Proponent will participate in this final structuring which includes a refined business plan, financial plans and financing; an award budget and a draft implementation agreement.

- The PC/APC along with the Proponent and/or external technical assistance will participate in the final structuring of the project including a refined business plan, an Award Budget, and a draft implementation agreement.
- Assistance sources during project implementation will be identified in technical, financial, market, legal and other areas as needed and approved.
- Additional environmental concerns will be addressed and an Environmental Review completed.
- Due diligence will be undertaken in coordination with the Project Financial Analysis Department.
- A Monitoring and Evaluation (M&E) system will be defined and agreed upon with the potential proponent.
- Field verification will assure the area is free from illicit crops and complies with USAID environmental requirements.

Specific Development criteria are shown in Table 8.

Table 8 ABC Development Screening Criteria

MIDAS- MAS INVERSION PARA EL DESARROLLO ALTERNATIVOS SOSTENIBLE																	
PROPOSAL AND PROJECT EVALUATION																	
DEVELOPMENT PHASE EVALUATION - AGRIBUSINESS COMPONENT																	
Project Name:																	
Code:																	
<u>MUST HAVE</u>																	
Requirement to Conform	Yes	No	Responsible														
Verification of assessment phase criteria			Proposal Coordinator														
Type of support instrument and award budget has been agreed to			Proposal Coordinator														
Project site free of illicit crops			Proposal Coordinator														
Environmental Review submitted to USAID			Proposal Coordinator														
Assured source of finance			Project Finance														
Proponent/project pass due diligence			Proposal Coordinator														
Proponent/project land use verification			Proposal Coordinator														
Project has viable/bankable business plan			Project Finance/proposal coordinator														
Market access assured -- purchase contract(s) signed			Proposal Coordinator														
Note: One "NO" means "nonconformance"																	
<u>WOULD LIKE TO HAVE</u>																	
Factors to Weigh	Weigh	Grade	Score														
Positive impact on hectares	3		0														
Positive impact on families	3		0														
Positive impact on creation of jobs	3		0														
Commercial viability/sustainability	3		0														
Financing needs identified and availability assured	3		0														
Percentage of MIDAS investment (20% or less)	3		0														
Sufficient raw material supply	3		0														
Support from local communities confirmed	3		0														
Participation of growers involved in the project confirmed	2		0														
Legal availability of land for production	2		0														
Impact on reduced production of illicit crops	2		0														
Vulnerability of geographic area to illicit production	2		0														
Project risks identified and mitigation plan established	2		0														
Strength of Proponent's project management and administrative team	2		0														
Proponent's business track record in same or similar business	2		0														
Adequacy of infrastructure	2		0														
Synergy with other AD projects operating in the area, especially ADAM & PILAS	2		0														
Proponent's experience in target geographic area	1		0														
Security in & to/from geography area	1		0														
Total Score	44		0														
Minimum Score	132																
<p>By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal</p> <p>Evaluator: _____</p> <p>NOTE: This sheet will be completed by at least three separate evaluators</p>																	
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1.5.5. Project Approval Phase

The **objective** of this phase is to acquire final approvals and establish processes that will enable successful project implementation.

After the project passes the Development Review Committee it goes to Grants and Sub-contracts for completion of the selected support instrument and then to USAID for approval. Either entity can request revisions/modifications. The RC and/or USAID may have approved the proposal with contingencies such as loan approval or finalization of families participating. These contingencies must be cleared before a support agreement can be signed. After Grants and Sub-contracts and USAID approve the project and its associated Award Budget and support instrument, a Project Coordinator and APC team are designated to shepherd the project into and through the implementation phase. For continuity's sake, every effort will be made to ensure that the team that will be responsible for coordinating the implementation of the project has been tangentially involved in proposal processing since it entered Development so they are comfortable with the structure of and support being provided to the project.

1.5.5.1. Methodology:

- Acquire approvals from MIDAS Grants and Sub-contracts and USAID;
- Confirm verification criteria;
- Redefine roles of PC/APC and other Task Team members being assigned to the project (e.g., from Proposal to Project Coordination);
- Ensure that the project meets Environmental Review requirements; the specifics of the M&E and REVA systems, and other information required by MIDAS and USAID;
- Develop and provide customer training on a standardized reporting system, develop a system for monitoring the project consistent with the support instrument; and
- Provide the proponent training programs on M&E and REVA.

1.5.6. Implementation Stage

The **objectives** of the Project Implementation Phase are to 1) effectively and efficiently support the implementation of projects in a manner consistent with the agreement signed with the proponents, and in conformity with the approved business plan; 2) employ a system that will allow the ABC to optimally monitor the implementation of signed projects; and 3) employ an effective system to monitor project impact (M&E, REVA, etc.).

The project rollout stage begins with a signed agreement between the MIDAS COP and the Proponent. Subsequently, pre-identified assistance to be supported by the Award Budget is contracted by the proponent and implemented by approved contractors; support funds are disbursed (*anticipos*), usually via reimbursement; approved finance is disbursed by lenders; the M&E and REVA systems initiate activities; and other project monitoring information is generated and supplied.

1.5.6.1. Methodology:

The implementation of MIDAS-ABC projects, from agreement signing to closeout (or expansion) includes the following:

- Implement M&E
- Implement REVA

- Implement agreed Environment plan
- Adjust assistance as required by project needs
- Ensure that systems, compliance policies, accounting and financial support are in place
- Verify and approve proponent's reimbursement invoices
- Verify continued absence of illicit crops or activities
- Achieve final MIDAS-ABC business plan deliverables as per contract
- Complete external audits if required
- Achieve project close-out, or expansion, as appropriate

Implementation employs monitoring rather than screening criteria. Monitoring covers many diverse areas including M&E, environment, qualitative and quantitative results, performance verification and more. ABC monitoring will be accomplished via the Review, Evaluate, Verify, and Advise (REVA) system that was developed under the CAPP program, and is described in the Program Level narrative.

1.6. Utilizing Leveraging

1.6.1. Other Sources of Financial Support:

In Colombia, one of the most serious weaknesses to promote the growth of the agricultural sector is the difficulty in accessing finance. Although finance has been approved for projects under the CAPP program, disbursements have been slow from traditional sources. Thus, there is a need for a campaign to develop new sources of finance for the MIDAS Business Development Components (BDCs), including Agribusiness. Both the MIDAS Policy Component and the Technical Services Department (TSD) will work to improve financial services for the agricultural sector, and tap into sources of alternative finance.

The TSD, in coordination with the ABC, will a) identify unmet financing needs from current or potential sources of project finance, b) identify project financing alternatives that are sustainable, market-based funding mechanisms, and c) introduce new funding sources to proponents once they become available, d) developing an outreach strategy that motivates project proponents to use alternative (i.e. sustainable, market-based) sources of project financing.

Already identified potential sources of finance include:

INCUAGRO: One of the five *arranque rapido* projects will receive INCUAGRO funds. Subsequently, we anticipate that INCUAGRO will focus on commercial forestry only, thus we expect no additional funding from this source.

USAID Development Credit Authority (DCA) - MIDAS will pursue DCA guarantees for local private banks.

Corporation Andino de Fomento (CAF) – The CAF lends to productive sectors with short (one year), medium (two to five years) and long-term (five years plus) terms. Qualified businesses can tap CAF funds directly; however, for smaller companies the CAF will act as a second-tier guarantor. We will pursue finance from the CAF via the TSD.

International Finance Corporation (IFC) – In conjunction with the TSD, we will pursue IFC funding. The IFC generally requires a minimum of 25% private investment, which will not be a problem for ABC projects.

OPIC – Within the last few years, the Overseas Private Investment Corporation has opened up credit lines for down market projects. The TSD will explore this option with the ABC.

1.6.2. Funds Plus Business Development and Implementation Expertise

The ABC has indications from potential operators and other participants including FEDECACAO, FEDEPALMA, and FEDECAFE that they are willing to contribute either in-kind or financial resources for the implementation of ABC projects. Further, a current potential *arranque rapido* project integrator/operator has indicated willingness to provide up to 30% of the financing for a cacao project.

Local Governments, and the Government of Colombia via Accion Social, may also be sources of assistance to ABC projects. Local Governments are investing in productive infrastructure – which is a factor the ABC will take into careful account as we strategically launch our projects; and Accion Social is implementing projects in areas where we will most likely be working in the near future. Local governments may provide guarantees for project financing, and Accion Social’s projects may coincide with ABC activities. We will explore how to work with them, and anticipate some assistance in the form of training, educational programs and perhaps in-kind contributions (seedlings, etc).

1.7. Use of Alliances

Alliances are crucial to the success of each ABC project. The primary alliance is between the ABC and the proponent. However, alliances will occur between the ABC and other private sector institutions, as well as public sector institutions such as Accion Social, and local and municipal governments. These relationships are partially described below under Leveraging, above in 1.6.

1.7.1. Public-Private Alliances

1.7.1.1. Involvement of Colombian municipalities, departments, or central government entities in projects

The ABC will work with the ADAM program to coordinate activities with local government productive infrastructure projects, for example as related marketing infrastructure such as *centros de acopio*. We will coordinate with Accion Social and the Ministry of Agriculture by meeting quarterly for proposal development and project implementation review sessions, so that they are fully informed of ABC current and planned activities. This will also provide a forum for input on coordination between our projects and their activities.

1.7.1.2. USAID as a public sector participant

USAID is a public sector entity for which we are implementing the MIDAS project.

1.7.2. Private Alliances

Based on the CAPP experience, the ABC will leverage funds from the private sector at about a 1 to 5 ratio. This is in accordance with GDA principles. However, private sector alliances will be forged not only via projects but also through private resources provided in support of common objectives. This could be both indirectly, such as the World Cocoa Foundation’s marketing support, and directly such as the World Cocoa Foundation’s providing expertise in grafting techniques.

1.7.2.1. Technical involvement of private entities other than primary proponent

The World Cocoa Foundation is a key partner in implementing several anticipated projects. They have indicated willingness to assist the ABC establish the tried-and-true Farmer Field School (FFS) technical assistance methodology, training in grafting, as well as linking international buyers to Colombian-grown cacao.

As indicated above under “Leveraging” technical participation may also be supplied from local private sector stakeholders in various sub-sectors such as FEDECACAO and FEDECAFE.

1.7.2.2. Financial participation of private entities other than the primary proponent

As described in Leveraging above, several entities may act as financial investors in ABC projects including FEDECACAO, FEDECAFE, and selected operators/integrators.

1.8. Internal Coordination Plan

1.8.1. Between Components

Effective coordination between the MIDAS components is essential for two reasons: first, to generate synergies at the Corridor level while achieving economies of scale; and second, to maximize leveraging of resources between components. We envision internal coordination working as follows:

First, the ABC will coordinate closely with the Commercial Forestry Component (CFC) in terms of geographic and technical overlap. The CFC has inherited cacao projects from Programa Colombia Forestal (PCF) to consider under their *Arranque Rapido* scheme. Some of these may be passed to the ABC portfolio. Further, the ABC has several proposed projects in the *caucho* sub-sector, which will be passed to the CFC. Additionally, several projects in the ABC portfolio require shade trees, and we will coordinate with the CFC for advice on teak, banana, oak, or other suggestions in this regard. Finally, both the CFC and the ABC require new sources of finance for our projects. We will work in conjunction with the Technical Services Department to access finance in a coordinated manner.

Second, the ABC will rely on service providers in the Corridors to support our activities, and CAPP experience demonstrates that quality service providers along value chains are few. Hence, we will coordinate closely with the SME Component (SMEC) – providing qualitative input so that they are aware of our Component’s technical services needs and they can program sourcing and training/strengthening of SMEs to meet our and proponent’s service requirements. Areas we anticipate directly using or reimbursing customers for SME services include business development and strengthening; operators and integrators; transport; fumigation/soil preparation; and harvest and post-harvest. We also anticipate that some SME proponents will graduate to a level where they can become proponents of the ABC program (2008).

Third, we will coordinate with the Policy Component to provide information regarding our needs for improving the enabling environment in which the ABC operates. Areas of that coordination include sources of financing, land tenure/use rights issues, tax issues in the rural sector, and export taxes. Specifically, we will look to the Policy Component for an interim transition plan in finance for projects: although in the short-term we will access traditional sources such as FINAGRO and BancoAgraria, we

will seek, in cooperation with the FSD, more market-based alternatives for the longer term. We will also solicit input from Policy for the Corridor Sub-sector Competitiveness Assessment.

1.8.2. Between BOG Office and Corridor Staff

The ABC is structured so that several of our technical representatives are placed in Corridor offices in support of the solicitation of new proposals, development of proposals and project implementation. Field staff will report directly to Bogotá management, and communications will be maintained regularly. Corridor staff will facilitate the development of project proposals, and will provide for a direct link with potential proponents from an early stage. Perhaps more importantly, the Corridor staff will serve as a link to the BOG ABC staff to provide “early warning” in case a project requires input that was not envisioned in the original project design, or is straying off course from the agreed business plan.

1.8.3. Between the ABC and the Cross-Cutting Support Departments

The ABC will coordinate with the crosscutting components and departments. The Technical Services Department is mandated to source alternative finance for our projects, which is a crucial need. We will also coordinate with Outreach and the Grants and Sub-contracts Departments for the proposal solicitation phase, and to develop marketing materials, a guide for proposal preparation and to schedule informational meetings and publish the APS. We will coordinate with these same departments plus Program Planning and Project Financial Analysis during project implementation to assist us in M&E, environmental and financial compliance, as well as to develop success stories and other information required for reporting/tracking purposes. Lastly, the MIDAS Linkages Specialist will assist the ABC to forge appropriate alliances with potential GDA partners and potential private and public participants.

1.9. External Coordination

1.9.1. With Other USAID Programs

The ABC overlaps both technically and geographically with ADAM and PILAS, both USAID funded programs. Coordination with ADAM will encompass production agriculture, especially cacao, as well as transferring technology via the Farmer Field School (FFS) methodology that is applicable to many crops. The ABC will work at the programming level to take advantage of ADAM’s mandate to contribute to productive infrastructure in the four growth corridors where we overlap. The ABC will explore areas of coordination with PILAS (which includes OIM) and INCODER in productive agriculture *associativo* project possibilities (partly predicated on the resolution of land tenure issues), and/or in tapping sources of labor. MIDAS is mandated to work with vulnerable groups, and will coordinate with PILAS, with the support of the MIDAS Vulnerable Groups Coordinator, so our work in this regard is not duplicative and is carefully coordinated with their efforts.

1.9.2. With Predecessor Projects

The ABC will absorb CAPP both structurally and operationally. We envision that this will be a seamless merger – business will continue as usual, albeit with a revised hierarchical structure. Since the CAPP portfolio is closed to new projects, the main function to be absorbed is that of project implementation. The current CAPP Acting Chief of Party will become the MIDAS Senior Project Implementation Manager, and will report to the ABC Manager. He will continue to manage the technical staff working on what are now CAPP projects, and as new MIDAS projects are signed, he will coordinate their implementation as well. The new MIDAS Agribusiness staff, which includes two former CAPP managers, will become the

Proposal Development unit of the ABC. This integration will enable the substantial experience and lessons learned of the CAPP agribusiness staff to be effectively transferred to MIDAS.

Non-technical CAPP resources such as drivers, receptionist, and Administrative, Finance and Controller functions and personnel will merge with the related MIDAS administrative, project finance and controller structures, and their personnel will report to the managers of these departments.

1.9.3. With Related AD Programs

1.9.3.1. GoC/Accion Social

We will coordinate closely with the GoC’s Accion Social, particularly the managers of two projects recently initiated in the difficult Pacific and Catatumbo regions. The PRIS Pacifico and PRIS Catatumbo projects, as they are respectively called, have similar objectives to those of MIDAS, and there is some geographic overlap. Hence, we will coordinate to leverage resources and achieve synergies rather than duplicate efforts. We anticipate that within two years we will have intersecting activities.

1.10. Information and Community Outreach Plans

As detailed above, the ABC will utilize the Outreach Department as follows:

- Launch an information campaign that publicizes the MIDAS ABC program to potential participants in the six growth corridors;
- Communicate MIDAS ABC objectives and key project screening criteria so that potential proponents submit highest quality proposals, project profiles, or concepts;
- Facilitate communications with potential proponents in the agribusiness sector, e.g. via associations, selected *gremios*, and other groupings;
- Help develop communications at the quarterly stakeholders meetings; and
- During Project implementation to identify and create Success Stories.

1.11. Internal Indicators

The following chart shows the ABC internal indicators. These figures illustrate the range of acceptable costs to develop sustainable supported hectares, jobs and families benefited under the ABC. The “Cost per xxx” or “Investment per xxx” is calculated based on whether or not projects are new plantings or rehabilitation of existing hectares.

This chart depicts the range of total project investment.

Table 9

Total Project Investment (All sources)	US\$	US\$
1. Investment per Job	3,474	26,501
2. Investment per Hectare	3,831	5,899
3. Investment per Family Directly Benefited	15,141	29,472
4. Job per Hectare (Number)	0.13	2.75

Internal Indicator Definitions:

Leveraging Achieved: the percentage of the total cost of a Project provided by MIDAS/USAID or the percentage of all MIDAS support to projects versus other sources.

Jobs Generated: Agriculture jobs “fulltime” refers to a “full-time equivalent” (FTE) position. According to DANE, a FTE for agricultural jobs, including rural infrastructure, for one year is equal to 176 workdays (8 hours per day) per year. Therefore, if a project has reported 352-eight hour workdays, to calculate the FTE the contractor will divide those 352, eight-hour workdays by the 176 workdays equivalent to a year, for a total of 2 FTE jobs created. $FTE = \text{Workdays}/176$. (These calculations will be verified by the Mission).

MIDAS cost per Job: The average value obtained by dividing MIDAS funds contributed to a project by the total jobs generated during the term of MIDAS support.

MIDAS Cost per Hectare: The average value obtained by dividing MIDAS funds contributed to each project by the total hectares supported in the project.

MIDAS Cost per Family Benefited: The average value obtained by dividing MIDAS funds contributed to each project by the total number of families benefited in the project.

Table 10

MIDAS Support	Range		%
	US\$	US\$	
1. MIDAS Cost per job	439	2,729	14.5%
2. MIDAS Cost per Hectare Supported	484	1,152	14.5%
3. MIDAS Cost per Family Benefited	1,912	4,091	14.5%

1.12. M&E

The ABC contributes directly to achievement of *IR 2 – Sustainable Licit Economic Opportunities Expanded* part of USAID/Colombia’s *SO 2 – Expanded Economic and Social Alternatives to Illicit Crop Production*. Additionally, through its work with IDPs in productive projects, the ABC also contributes indirectly to *IR 1 and 2 –of USAID/Colombia’s SO 3 – Successful Reintegration of IDPs and Support to Other Vulnerable Groups*.

Indicators

Indicators express and summarize program goals. There are three types: USAID indicators, internal program performance indicators (Key Indicators) and REVA indicators. Regarding the first type, USAID provides a list of ACI indicators and every program is asked to select from that list those that respond to its particular activities and goals.

REVA indicators will be established for each ABC project based on the type of project and its objectives. Concurring with the Mission's strategic objectives and MIDAS' objectives, ACI indicators were selected when relevant to the business of the ABC. Specifically, the following ACI and performance indicators will apply.

- Hectares of Licit Crops Supported
- Number of Licit Jobs Created
- Number of Licit Jobs Created for IDP and other Vulnerable Groups
- Number of Families Benefited
- Number of Social and Productive Infrastructure Projects Completed
- Sales (or Gross Market Value of Licit Production Supported) from Projects
- Private Sector Funds that are Leveraged
- Private Sector Funds that are Leveraged for IDPs and other Vulnerable Groups
- Public Sector Funds that are Leveraged
- Public Sector Funds that are Leveraged for IDPs and other Vulnerable Groups
- Producer Associations/Processors Strengthened
- Number of Alliances Developed
- Private Sector Firms Formed or Strengthened
- Productive Infrastructure Projects Completed
- Total Value of Supported Projects (US\$)
- MIDAS Average Share of Total Investment
- MIDAS Total Project Support (US\$)

The definitions, information collection methods and technical information for each of these indicators are detailed in the Indicators Reference Sheets included in the Appendix 1 of the Performance Management Plan (PMP) that is appended to the Program-level Work Plan.

Each Project will have its own M&E Plan with the following information:

- ACI indicators that apply to the type of project with its key definitions
- Definition of Project Goals for each indicator
- Document that supports the data for each indicator
- Frequency and deadlines for report delivery
- Person in charge of gathering the information in the field
- Person in charge of producing and submitting the M&E report
- Place where the supporting documents will be filed

The Grantees/Subcontractors will report on a monthly basis on the progress made regarding compliance with the indicator goals; this performance will be linked to project disbursements.

The main objectives of the verification protocol are assuring the absence of illicit crops, and verifying that beneficiaries (institutions and people) are not involved in narcotics or terrorism activities.

Note: Indicator definitions are consistent with the Program-Level approved indicators.

1.13. Environment

As explained in the Program-level Work Plan, most of the potential projects to be funded by MIDAS will have to prepare and submit an Environmental Review. This is true even for projects

not expected to cause significant impacts on the environment (in the latter case an Environmental Assessment will be necessary).

Depending on project specifics, when Program Planning establishes that an Environmental Review is in order, the following procedure will be implemented:

- Once the Project has been approved into the Assessment phase, the Project Coordinator or Project Manager will notify Program Planning so they can begin advising the proponent in the preparation of the Review.
- The proponent will prepare the Review using the Guides for Productive Activity distributed by USAID.
- The proponent is expected to submit a first draft of the Review for Program Planning review. Any requested changes should be implemented in a timely manner.
- When the Review is acceptable to MIDAS, it will be submitted by Program Planning to USAID, and environmental approval will be requested from the Mission Environmental Officer (MEO).
- USAID will approve it or ask for additional changes; in the latter case, any suggestions should be incorporated and the Review submitted again until the approval is issued.
- No grant or contract can be signed without having an approved Environmental Review.

To speed up this process and offer practical and timely information and technical advice to proponents, MIDAS will train environmental personnel based in the corridor offices, so they can serve as a close source of information and guidance for proposals and proponents.

1.14. Plan for Involving Disadvantaged Groups

The ABC will give priority to proposals that include Internally Displaced Persons (IDPs), Afro-Colombians, and Indigenous People. We are also monitoring the De-mobilized Persons situation to be ready to include this group as potential proponents as soon as they are cleared by the U.S. Government.

We envision that projects involving Disadvantaged Groups will be *associativo* in nature, and potentially in marginalized lands and communities. Although these projects present more challenges, the CAPP experience is that at least 80% of approved projects fall in the *associativo* category. Thus, we have methodologies established to incorporate Disadvantaged Groups as participants in productive projects, and will employ these in MIDAS.

1.15. Colombianization

The ABC will continue the CAPP tradition of placing emphasis on developing legacy institutions, i.e., those that can continue successful AD work post-MIDAS. In this regard, we will consistently seek alliances with Colombian entities to assume significant role(s) in proposal development and project implementation that are envisioned as ongoing past MIDAS's termination date. Via such alliances we have in the past and will in the future, strengthen capacity in Colombian institutions to undertake sustainable and effective AD related work. Examples of these institutions include Incuagro, Asohofrucol, C.I. Cacao, Cordeagropaz and ASOCATI. The objective of the ABC Colombianization program is to significantly enhance the interest and

capacity of Colombian organizations, professionals, and individuals, to do Alternative Development work after MIDAS is finished.

Further, most of the ABC's senior staff and management is Colombian, and over the next five years, their AD-related skills will be developed and will be a valuable asset to Colombia post-MIDAS.

2. Year One Work Plan

2.1. Objectives

2.1.1. Qualitative

The ABC qualitative objective for Year One is to achieve significant results in supporting hectares of licit crops and generating sustainable employment. To achieve this objective, the ABC will launch operations to accomplish “*Arranque Rapido*” projects, contractually specified activities and other Year One activities. These are listed below, as is a description of the ABC implementation methodology.

2.1.2. Quantitative Objectives

2.1.2.1. Arranque Rápido

Table 11: ABC Start-up Activities

AGBZ - Start - up Activities		
Activity	Mid-Year Objective	Year End Objective
Arranque Rapido		
PALMERA DEL SUR DE BOLIVAR	Development	Implementation
PALMARES EL PORTICO	Development	Implementation
ASOGPADOS First Phase	Development	Implementation
ESTAM First Phase	Assessment	Implementation
Asocati First Phase	Assessment	Implementation
Start-up Activities		
Preparation/approved Work Plan	Completed	
Prepare MIDAS-AGBZ information materials: Format for proposals evaluation, Proposal prep guide for potential customers, etc	Completed	
Review and develop five proposals from CAPP	Completed	
Prepare informative materials and distribute to banks, customers and other private and public institutions. etc	Completed	
Review/develop five additional proposals		
CONTRACTUAL ACTIVITIES		
Prepare ToR for Competitive study and contract	Completed	
Implement corridor subsector competitiveness studies	In process	Completed
FIELD OFFICES STAFFING		
Begin contract Bogotá office staff and two regional specialist,	Completed	

2.1.2.2. Year One Key Indicators

Table 12: Key Indicator Results

Performance Indicators	SO	IR	2006												TOTAL YEAR 1
			1	2	3	4	5	6	7	8	9	10	11	12	
			Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	
1. Number of Jobs Created	SO2, SO3	2.1	0	0	0	0	0	0	0	0	169	338	256	1,110	1,873
2. Hectares Supported	SO2	2.1, 2.3	0	0	0	0	0	0	0	0	297	594	450	1,953	3,294
3. Number of families benefited	SO2	2.1	0	0	0	0	0	0	0	0	44	89	67	292	492
4. Value of Sales Increased Per Year/SME	SO2	2.1	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5. Producer Associations/ Processor Strengthened	SO2	2.2	0	0	0	0	0	0	0	2	2	2	1	0	7
6. Proposals being processed	INTERNAL		0	16	8	6	4	2	2	2	2	1	1	1	43
7. Projects signed	INTERNAL		0	0	0	0	0	0	0	5	2	2	1	0	10
8. Number of Alliances Developed	INTERNAL		0	0	0	0	0	0	0	5	2	2	1	0	10
9. Private Sector firms Formed or Strengthened	SO2	2.2	0	0	0	0	0	0	0	5	2	2	1	0	10
10. Productive Infrastructure Projects Completed	SO2	2.1	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Total Value of Supported Projects US\$000	INTERNAL		0	0	0	0	0	0	0	0	2,000	2,000	3,245	3,100	10,345
12. MIDAS Average Share of Total Investment	INTERNAL		0%	0%	0%	0%	0%	0%	0%	0%	10%	6%	12%	21%	14.5%
13. MIDAS Total Project Support US\$000	INTERNAL		0	0	0	0	0	0	0	0	200	300	400	600	1,500
14. Private Sector Funds Utilized US\$ 000	SO2, SO3	2.2, 2.1	0	0	0	0	0	0	0	0	1,800	1,700	2,845	2,500	8,845
15. Colombian Public Sector Funds Utilized	SO2	3.1													
16. Reduction in unemployment	SO2	3.1													
17. Families working in the formal sector	SO2	3.1													

2.2. Year One Organization Structure

Table 13

Position	Name	Start Date	Responsibilities
Agribusiness Component Manager (ACM)	Susan Corning	January 16, 2006	<ul style="list-style-type: none"> a) Oversee ABC start-up including staffing and work plan b) Oversee <i>arranque rapido</i> activities c) Oversee integration of CAPP/ABC c) Liaison w/USAID and GOC
Proposal Development Manager	Roberto Alborno	April 1, 2006	<ul style="list-style-type: none"> a) Launch project solicitation b) Oversee proposal evaluation/development c) Manage <i>arranque rapido</i> proposal development d) Assist in PC/APC staffing
Project Implementation Senior Manager	Peter Gault	May 1, 2006	<ul style="list-style-type: none"> a) Manage CAPP projects' implementation b) Implement new MIDAS projects
Senior Proposal Coordinator	Alvaro Pio Vargas	April 1, 2006	<ul style="list-style-type: none"> a) Supervise PCs efforts to assess and develop proposals b) Develop proposals and produce commercially viable business plans c) Assisting the launch of <i>arranque rapido</i> approved projects
Proposal/Project Coordinators			<ul style="list-style-type: none"> a) Manage the proposal development process b) Manage the implementation of MIDAS projects approved by the Review Committee

Assistant PCs			a)Support PC efforts by providing information in a timely fashion to support the development of proposals and business plans b) Support project implementation
Production Agriculture/Cacao	George Loquvam	March 13, 2006	Focus on launching cacao projects, FFS, and reviewing future cacao and productive high value (e.g., fruits) proposals
Financial Analyst	TBD	May 1, 2006	Provide financial analysis in due diligence

2.3. Year One Gant Chart

Table 14 summarizes ten individual GANT charts that detail activities for the five *arranque rapido* proposals, and five additional projected Year One projects.

Table 14: Year One Gant Chart

Activity	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Arranque Rapido												
Palmera del sur de Bolívar												
Palmares el portico												
Asogpados first phase												
Estam first phase												
Asocati first Phase												
Contractual Activities												
Prepare ToR competitive study and contract												
Implement corridor or subsector competitiveness studies												

2.4. Implementation Methodology

2.4.1. Arranque Rápido

MIDAS will incorporate CAPP Lessons Learned into its ABC methodology, as illustrated in our Arranque Rapido proposals. Under the ABC “roll-out methodology” in which better opportunities are pursued first, we will activate five pre-identified CAPP proposals to be put on a fast-track. Although two of these have been at least partially vetted via the CAPP screening process, they will be re-reviewed. The remaining three will start in Screening. To ensure that the *arranque* is truly *rapido*, two key CAPP professionals have been transferred to ABC staff, and will oversee the development of these five proposals.

2.4.2. Corridor Sub-sector Competitiveness Assessment

As specified in the MIDAS contract, the ABC will conduct a competitiveness assessment of significant agribusiness sub-sectors in each Growth Corridor, including African palm, cacao, fruits and *caucho*. The resulting sub-sector comparative competitiveness information and prioritization decisions will be used to target proposal solicitation. Further, information on specific strengths and weaknesses of a sub-sector in a given corridor will be used as input in subsequent proposal screening, assessment and development processes. The Assessment will begin with a re-visit of relevant literature such as the Land Use and Crop Assessment conducted by the PCI and the MOA; the J.E. Austin market studies undertaken in 2002; and additional documents identified as useful, including recent documents related to the recently signed TLC..

2.4.3. Other Short-term Activities

In conjunction with the Outreach Department, the ABC will launch an RPB/APS with the goal of soliciting large numbers of project proposals from potential proponents. Preparing Guidelines for minimum submittal requirements will also be an early activity.

2.5. Corridor Offices Roll-out Plan

The ABC will have an agribusiness professional/advisor in each of the six Growth Corridors offices. Since on the program level we have determined that MIDAS, ADAM, and PILAS will share office space, we will coordinate closely with ADAM and PILAS, via Technical Services, to determine which office opens, where and when. Notwithstanding, Table 15 shows the anticipated schedule for opening Corridor offices, based on Year One/Year Two planned activities.

Table 15 ABC Corridor Offices Development Schedule

REGIONAL OFFICES	DATE	NUMBER OF PROFESSIONALS	INITIAL PROJECTS
Bucaramanga	6/1/2006	1 Professional	Magdalena Medio: El Portico - Palm, Compañía Palmera de San Pablo-Palm and Procaucho- Cacao; Catatumbo: Hda Las Flores- Asogpados and Estam-Palm; Santander and Cesar: Potosí- Fruits.
Cali or Pasto	1/1/2007	1 Professional	Nariño: Compañía Empaques de Medellin - Fique; Cordeagropaz - Palm
Medellín	1/1/2007	1 Professional	Antioquia: Compañía Empaques de Medellin - Fique, Case/other - Cacao and zugar Caine
Pereira	1/1/2007	1 Professional	Caldas, Quindío and Risaralda: Fedecafé - Café; CI Efoltec S.A - Cacao, Cardamomo
Barranquilla	1/1/2007	1 Professional	Magdalena, Bolivar and Cesar: CI Tequendama - Palm, Gradesa - Palm
Ibagué	6/1/2006	1 Professional	Huila: Nanyanva and Fundación Alto Magdalena: Cacao and Fruits
Others			

The offices will be staffed as indicated, closely related to *arranque rapido* and anticipated Year One project implementation.

2.6. Basic Budget

The Year One budget is shown in Table 16.

Table 16

ARD Inc. COLOMBIA		
MIDAS		
BUDGET SUMMARY BY COMPONENT YEAR 1		
Type Cost	Agribusiness	
A	Year 1 Costs by Component	\$5,801,546
	Weight for ARD Colombia Costs	28.97%
	Controller, Administration, Rent, Travel, Equipment, Security	
B	(B/A) Shared Costs 28.64%	1,661,538
	Midas Shared Labor Costs:	
	Outreach/Information	78,499
	Grants and Subcontracts	112,003
	Program Planning	173,106
	Project Finance	21,844
	Weight for MIDAS Technical Services Costs	36.71%
	Technical Services	296,192
	Direct Labor Costs:	
	Long Term	935,107
	STTA US	51,025
	STTA COL	194,649
C	Total Labor (*)	1,862,425
D	Local Grants & Subcontracts	2,277,583
E= B+C+D	Total	5,801,546
F	Work Plan Local Grants & Sub-contracts Budget	1,450,000
G=D-F	Balance	827,583
H=B+C+F	2006 Total Budget	\$4,973,963
	(*) Note: TBD costs were calculated based on the 7th step for each projected FSN scale	