



“We understand investment as a social function that is connected to our social goals and results. We understand social cohesion as being connected to security. Without security there is no investment and without investment we have no other option than to dole out poverty.”

Álvaro Uribe Vélez

After long years of suffering from the harsh violence perpetrated by illegal groups, which led the country into economic stagnation and a sense of collective uprootedness and despair, Colombia has once again managed to boost confidence. Confidence that encourages young people to live and go to school in the country, confidence that produces investment, confidence that inspires enterprise, confidence that this country can overcome poverty and inequality, and confidence that makes us feel that Colombia is a possibility rather than a limitation. This government believes that confidence rests on three pillars: Security based on democracy, investment based on social responsibility, and social cohesion based on the exercise of freedoms.

There is a mutually dependent relationship between confidence and the pillars that support it. But there is also a cause and effect relationship between the three pillars. Security based on democracy is a necessary presupposition for investment, and if that investment is made with social responsibility, it will end up helping the country construct equality and overcome poverty.

Security based on democracy:

Security was once seen as right wing issue. Reality has demonstrated that security is a democratic value, a source of resources, and also an imperative for the left. Every option open to a society requires security. Our security is a security based on democracy.

Colombia faced growing insecurity for many years with paralysis. It was believed that confronting insecurity would mean justifying the right. It was thought that such a confrontation would lead to clumsy handling of human rights, mistreatment of freedoms, and a repudiation of civility. The Democratic Security policy, practiced now for almost six years, has proven how different it is from security based on dictatorship. We have strengthened the exercise of freedoms, which Colombians had lost to the advances of terrorism.

Our security is for all Colombians. It is for the friends of the government as well as the spokesman for the opposition. For union leaders and for investors. For teachers and for journalists. Security for everyone. Security with democratic freedoms.

Investment based on social responsibility:

This administration promotes private initiatives that exercise social responsibility. That responsibility is seen in three basic areas: First, transparent relationships between investors and the state. Transparency in hiring, in concessions, in tax payments, and in conflict resolution. Second, social responsibility must be translated into solidarity with the community. And lastly, social responsibility is expressed in fraternal labor relations, in contrast to the relations seen under savage capitalism.

Only through greater investment can we guarantee sustained economic growth and better working conditions with the respective social security services.

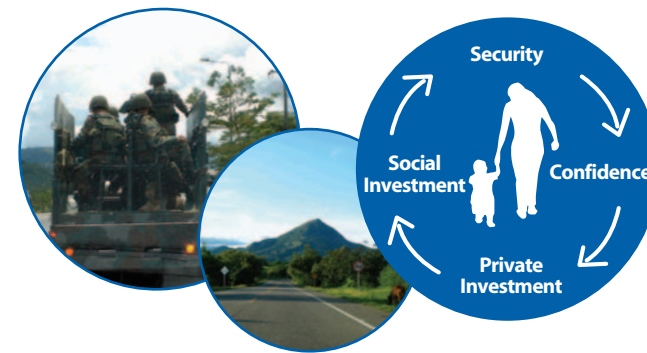
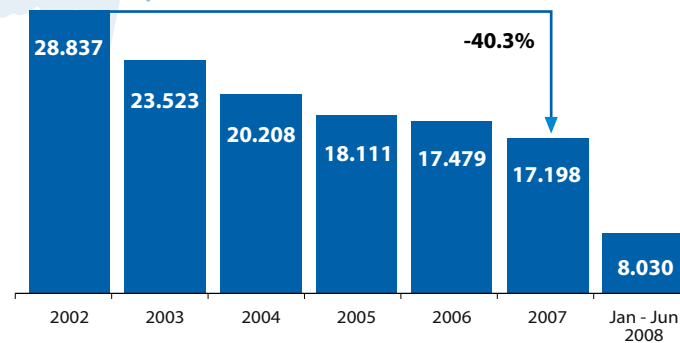
Social cohesion based on freedoms:

Social cohesion is what, in the end, legitimizes and gives sustainability over time to freedoms and to security. If we build social cohesion, it will provide long-term legitimization and will be the basic reason for investment.

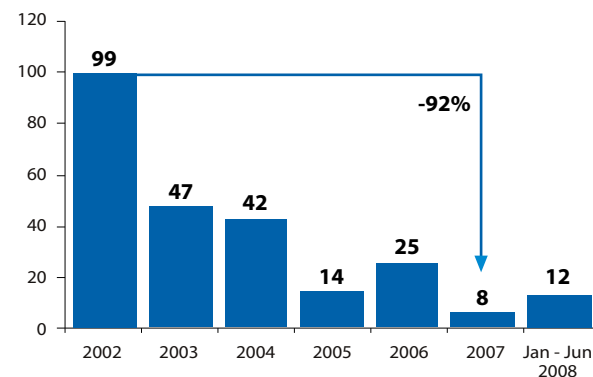
SECURITY BASED ON DEMOCRACY

Indicators point to significant improvements in security. We have made progress, but we still have a long road ahead of us. The effort will require years. It requires perseverance in the policy and concrete results so that we can sustain continuous citizen support.

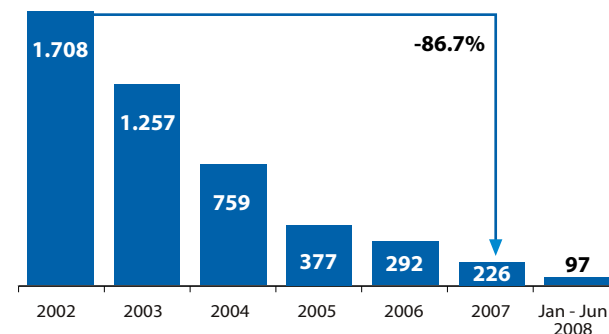
Homicide



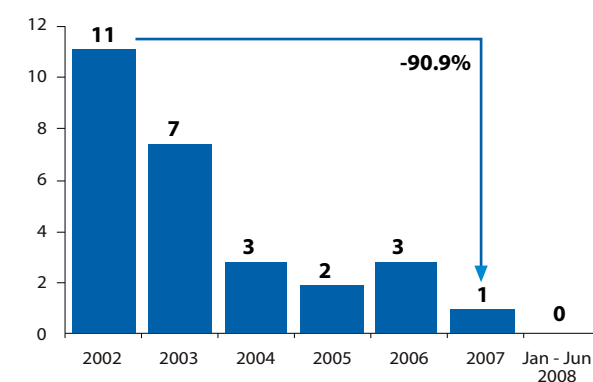
Murders of Union Workers



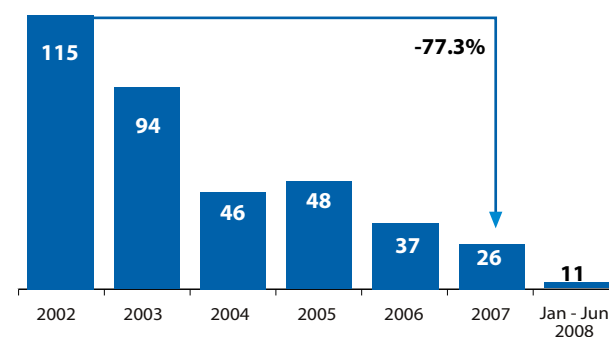
Kidnapping for Extortion



Murders of Journalists



Cases of Massacres



Information provided by: Ministry of Defense

Murder Rate per 100,000 inhabitants in sample countries



More indicators

- The total number of demobilized persons is more than 47,000.
- In 2007 the national government provided special protection to 9,444 people with an investment of 76 billion pesos. Of all those persons protected, 22.7% correspond to councilpersons and 20.7% to union workers, dedicating 10.4% and 30% of the total resources respectively to the protection of those two groups.
- We went from 91,432,064 vehicles circulating on the highways in 2002 to 129,628,000 in 2007. In other words, there are 42% more vehicles traveling.
- The National Police now have stations in the 1,098 municipalities.
- We have gone from 392,451 displaced persons in 2002 down to 220,439 in 2007.
- Colombia holds the world record for manual eradication of illicit crops, with 133,453 hectares eradicated as of May 2008. As of the end of this year, the hectares eradicated will have reached 219,604.

Goals

- To maintain the downward trend in crimes against life, personal freedoms, and the patrimony of Colombians, making protection of the right to life a priority.
- To continue providing incentives for cooperation between the National Security Forces and citizens through mechanisms such as the cooperators' network and the networks for citizen support and solidarity.

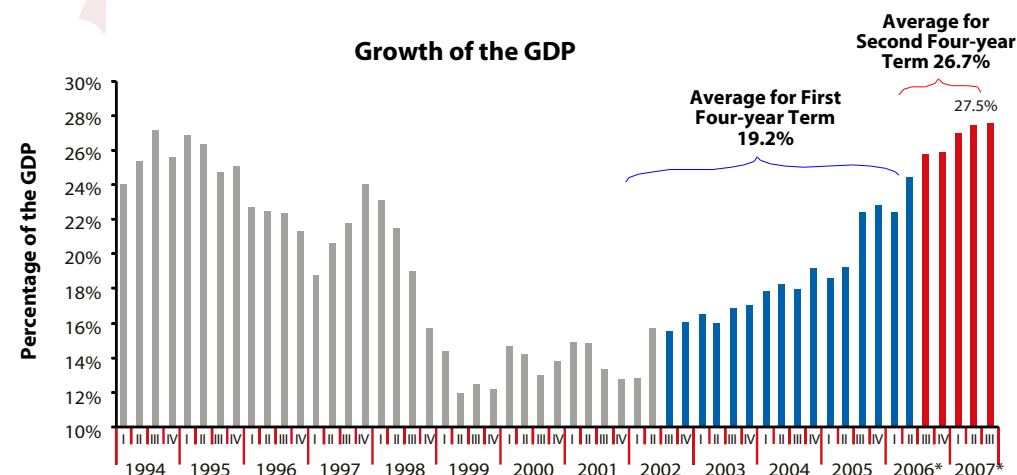


INVESTMENT BASED ON SOCIAL RESPONSIBILITY:

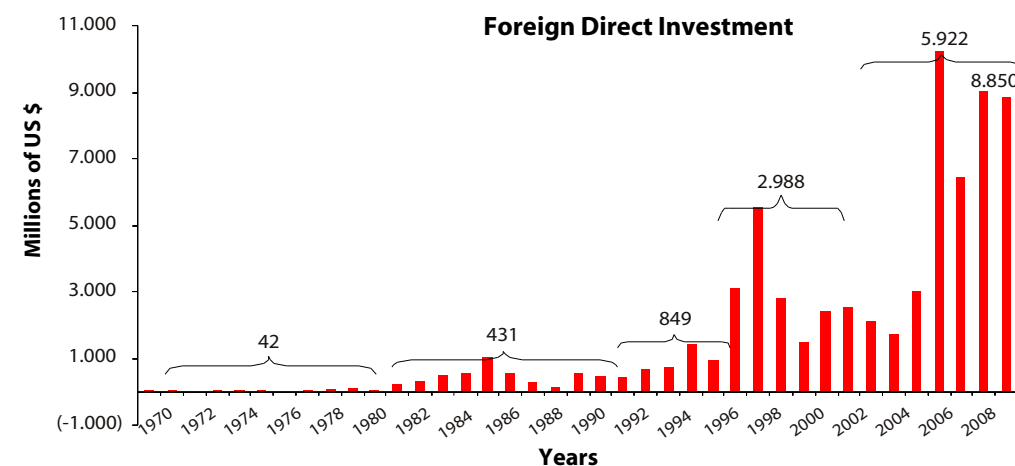
Social responsibility on the part of investors must be reflected in three core areas:

1. Transparency in relations between the state and investors.
2. Responsibility in investments as they relate to the communities, especially relative to environmental issues.
3. Fraternal labor relationships. In a country that has suffered so much from violence, we believe that labor relationships cannot be governed by class hatred or savage capitalism. As an alternative, we must create a great solidarity and understanding between employers and workers.

Colombia's macroeconomic indicators show evidence of the fruits of investor confidence



In 2007 the economy grew by 7.6%, the highest rate in 29 years.



In 2007, DFI flows grew 84% over 2002.

Other Indicators

- Investment has been an important engine for growth. From 2002 to 2006, investment as a percentage of the GDP went from 17% to 24%. In the first quarter of 2008, it reached 27.5%.
- In 2007, Colombia was the sixth country in the world and the first in Latin America for the number of reforms it made to improve the business climate, according to the "Doing Business" report by the World Bank.
- In the prior four-year term Colombian exports doubled, going from 11,975 million dollars in 2002 to 24,391 million dollars in 2006. In 2007, exports totaled 29,991 million dollars, representing a growth of 23% over 2006. From January to March of 2008 exports totaled 8,657 million dollars with a growth of 41.5% over the same period in the prior year.

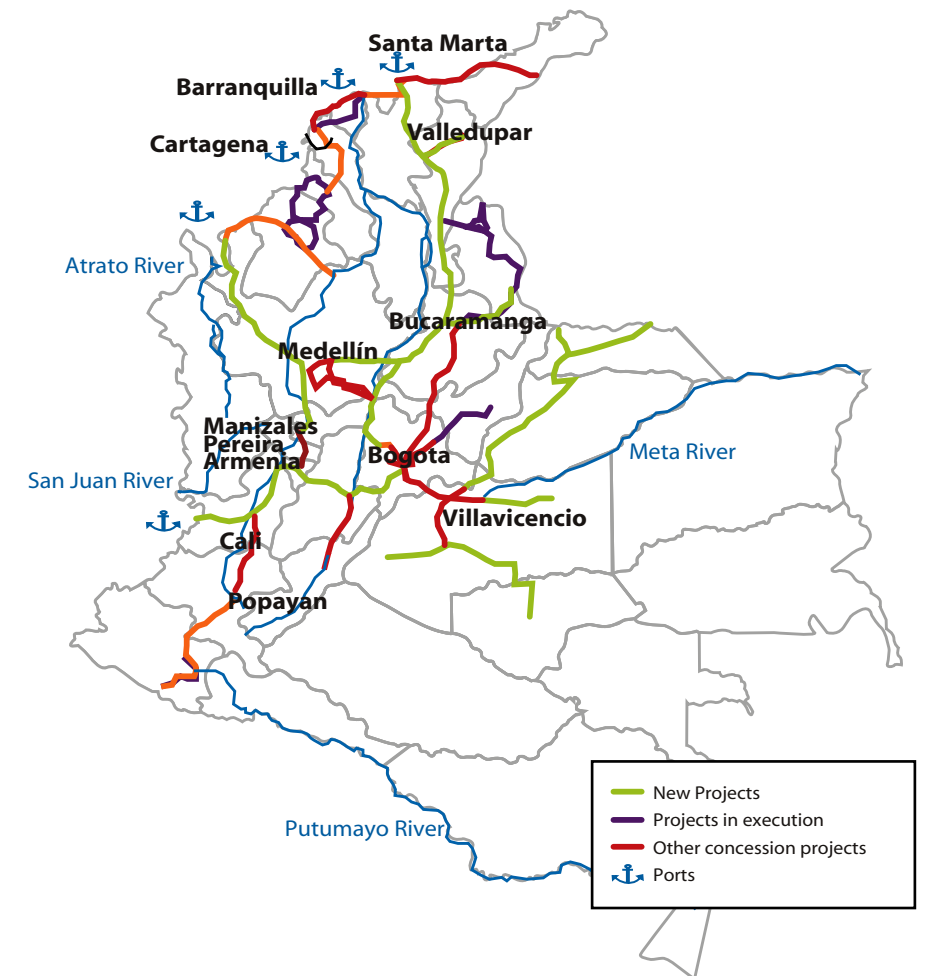
- We went from a growth rate in household consumption of 3% in 2002 to a growth rate of 7.3 % in 2007.
- In the area of tourism, in 2007 the average hotel occupation rate was 63%, with close to 1,266,000 foreign visitors, which meant growth greater than 15% relative to the year 2006, when 1,050,000 tourists entered the country.
- This is the highest figure recorded in the history of Colombia, bearing in mind that in 2002 only 567,000 foreign tourists entered the country.
- As of mid 2008, thirteen (13) new free trade zones have been declared, and two (2) expansions of existing free trade zones have been authorized, facilitating investments of close to \$1.8 trillion and the generation of more than 15,000 direct and 25,000 indirect jobs. In addition, the Inter-sector Commission on Free Trade Zones has approved the Master Plan for two (2) Permanent Special Free Trade Zones that will support investments of more than \$141 billion, and generate close to 200 direct and 25 indirect jobs.

To sustain these good results Colombia is promoting a National Competitiveness Policy

Some of this policy's main lines of action are:

1. Infrastructure Highways for Competitiveness

In 2002 the country had 390 kilometers of divided highways and by 2006, four years later, there were 440. By 2010 we expect to have 1,400 kilometers, reaching 3,400 by 2019. Work is also being done on expanding port and airport capacity.



Other works:

- A concession was awarded for the “El Dorado” airport with an initial investment of 650 million dollars.
- From 2002 to 2007 the national government has carried out 105 civil works on rivers, of which 38 have been executed in this last year.
- We are building 9 Transmilenio mass transit systems, and we have 10 cities waiting in line for theirs. The national government contributes 70 percent and the local governments 30 percent.
- The national government paved a total of 4,804.8 kilometers of roads in different regions of the country during the period from 2002 to 2007.
- From 2002 to date, work has been done on 900 bridges, of which 259 works correspond to the second period.
- Forty-five airports were built or improved in peripheral areas of the country with an investment of more than \$100 billion pesos.
- Investments of \$135 billion pesos were made in airport and aeronautical security, for a total accumulated amount of \$780 billion since 2002.

2. Investment Promotion

Stable laws permit a projection of growth in investments

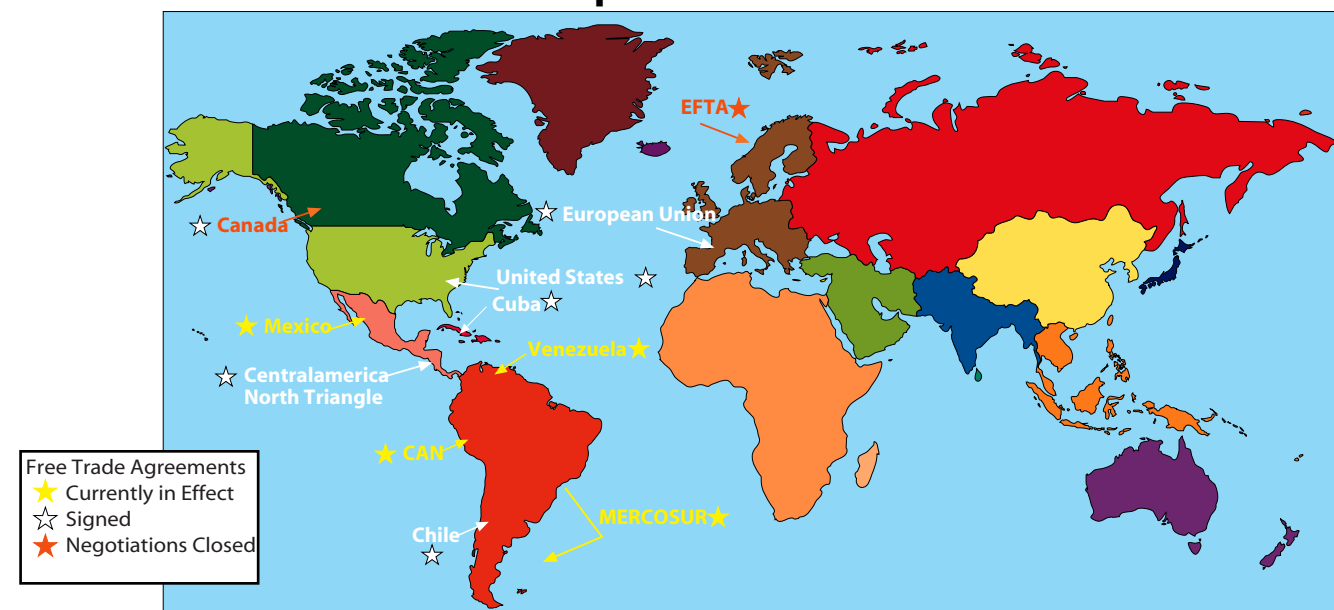
	Investment Supported*	Direct Employment Generated*
6 legal stability contracts signed to-date	➡ US \$222 million	3.439
14 legal stability contracts approved	➡ US \$2.7 billion	14.825
5 legal stability contracts admitted	➡ US \$4.5 billion	1.082

* Estimated by investors who access the contract system.

3. More commercial and investment agreements

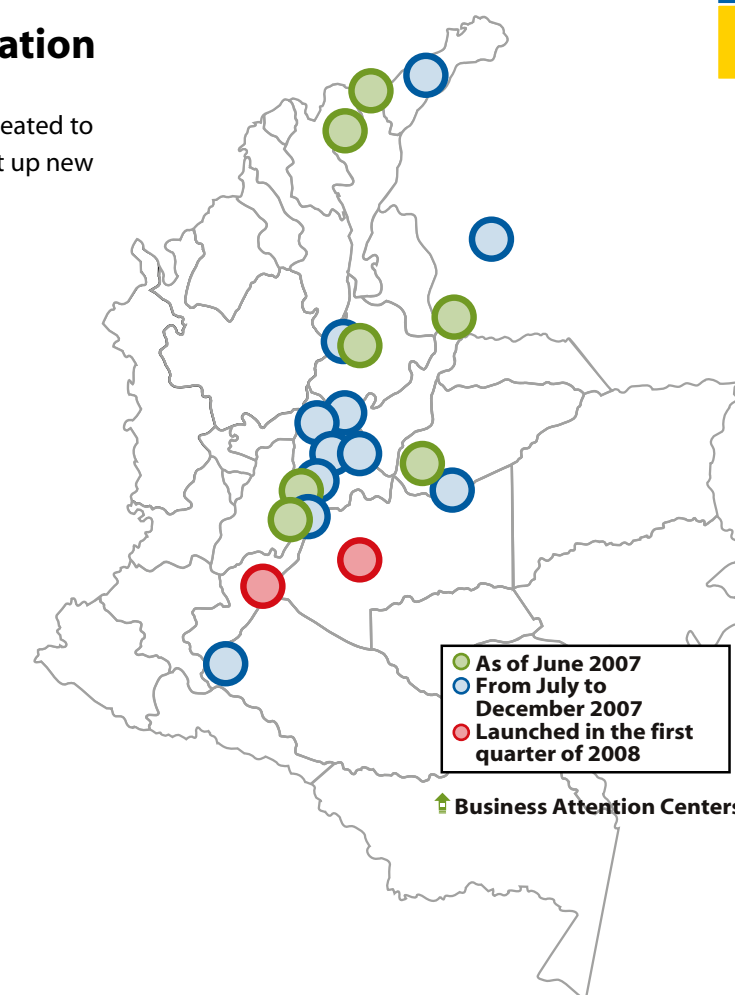
To boost its exports, Colombia has launched an aggressive internationalization phase, promoting commercial and investment agreements that will give it preferential access by 2010 to 54 countries with more than 1 billion consumers:

Internationalization Landscape for 2010



4. Procedures' Simplification

Nineteen Business Attention Centers have been created to decentralize and make it easier to register and start up new companies.



Other Measures

- Consolidation of the Sole Foreign Trade Window.
- Action plan to simplify three families of procedures.



Some of the goals are:

- To have negotiated, signed, and ratified by the Congress of the Republic all the free trade agreements in process, so that they will be translated into exports in the amount of 40 billion dollars in 2010, increasing exports from their current value added of 35% to 45%.
- To reach a volume of 4 million foreign visitors per year by 2010, increasing yearly income from tourism by 100% going from 2 billion dollars to 4 billion dollars by the end of the four-year term.
- To attract annual investment flows of 12.5 billion dollars through the new tools implemented to transform the country's productive base.
- The goal for economic growth is for Colombian Gross Domestic Product (GDP) to stay above 5% per year until 2010.

SOCIAL COHESION BASED ON FREEDOMS:

Some of this administration's flagship programs:

The national government has oriented its efforts toward strengthening human and social capital by focusing services and programs on the population groups that are poorest and most excluded from state social services.

- Three million Colombians are no longer poor, and another three million have escaped from their extreme poverty. Our goal to reduce poverty to 35% by 2010 and bring extreme poverty down to 8%.
- During the 2002-2006 period inequality diminished, going from 0.58 to 0.54. (Gini Coefficient).
- The unemployment rate went down from 15.7% in 2002 to 11.1% in 2007. Our goal is to bring the unemployment rate to a figure near 8% by 2010.
- From 2002 to January 2008 affiliation in the Contributory System grew 28.7%.
- From 2002 to March 2008 affiliations in professional risks insurance grew by 45.4%.
- From 2002 to April 2008 affiliations in the Compensation Funds grew by 59.62%.
- To-date, more than 20 million people are affiliated in the subsidized health system, reaching 74% coverage for Sisben income levels 1 and 2. Our goal is to incorporate 2,500,000 additional people during 2008.
- We went in 2002 from 2,229,687 school-aged children from Sisben levels 1 and 2 registered in the School Cafeteria Program to 3,242,001 as of March 2008. We hope to feed 4,026,198 children through this program by 2010.
- These social programs, which represented 13.4 percent of the GDP in 2002, rose to 16.3 percent of the GDP in 2007, a three-point increase, and social expenditures are four times greater than defense expenditures.

- In 2002 the Colombian Family Welfare Institute, ICBF, served 6 million people, while this year that number will be close to 10.2 million.
- In 2003, 344,786 people had joined food security projects. Today, the 573,484 families involved now 'grocery shop' on their own farm. The goal for 2008 is to have 701,275 families participating in the project.
- We have met 50% of the goal for the Family Forestguard program this period, with 43,770 families benefiting. The goal for 2008 is to maintain the level of families at 80,000 (including the families from the first period) and for 2010 the goal is to reach 80,000 new families.

1. Families in Action

This initiative by the national government provides nutrition subsidies for children under the age of 7, and a school subsidy for children from 7 to 18 years of age from families in lower income groups.

The subsidy gives families direct monetary support in exchange for commitments from the family.

The subsidy is handed over to the mothers, who tend to distribute household income toward food, education, and health. The program provides a nutrition subsidy of 100,000 pesos once every two months for 12 months, and an education subsidy of 30 thousand pesos per elementary child and 60 thousand pesos per secondary child every two months. This program is not an aid program. The mother must guarantee that the smallest children go to medical examinations to check on growth, development, and vaccinations, and must guarantee that they attend school.

Results

- Total consumption and food consumption went up by 15%. The increase was mostly in food products such as meat, milk, chicken, and eggs, while the greatest increases for products other than food were in education, clothing, and shoes.
- Chronic malnutrition in children from 0 to 2 years of age in rural areas went down by 10%.
- As far as health, acute diarrheic illnesses went down from 21% to 10% in children under the age of 4 in rural areas, and a 12% increase in DPT vaccinations was recorded.
- School attendance rates increased by 12.1% for rural beneficiary children in middle and high school from 12 to 17 years of age. Attendance went from 77.1% to 89.2%. In urban zones an increase of 5.9% was observed, as attendance increased from 87.7% to 93.6%.
- The child labor rate for children from 10 to 17 years of age who live in rural areas went down by 5.5%. Moreover, there was a very significant impact on the number of hours worked per day by children, with a 4.6% reduction for children from 10 to 13, and 9.2% for the group from 14 to 17.
- At this time there are already more than 120 thousand displaced families signed up in the Families in Action program.

Goals

The goal for 2008 is to have one and a half million families from SISBEN level one, including 300,000 displaced families, signed up for the program with national coverage. This is equivalent to 3.1 million children benefiting from the program. Currently there are 1,702,633 families (1,478,044 SISBEN level 1 and 224,589 displaced families) in the program.





2. Education

- In 2002 coverage for elementary and secondary education was 78% and today it is at 94%.
- For university education we have gone from 22% in 2002 to 30% in 2007.
- Spots available in training schools for professional technicians and technologists quadrupled in number, going from 52,550 in the year 2002 to 197,951 last year.
- The same thing happened with the total training spots available at the SENA. In 2002 there were 1,142,798 spots. In 2007, the total went up to 5,202,398.
- The training hours offered per year by the SENA went from 5,731,451 hours in 2002 to 13,261,104 hours in 2007.
- Currently all SENA apprentices receive training, counseling, and accompaniment in the area of entrepreneurialism and business creation. These benefits are also extended to university students, professionals, and any Colombian interested in responding to the challenge of starting his or her own business. Those who rise to that challenge can also count on seed capital for starting up their productive units or businesses.

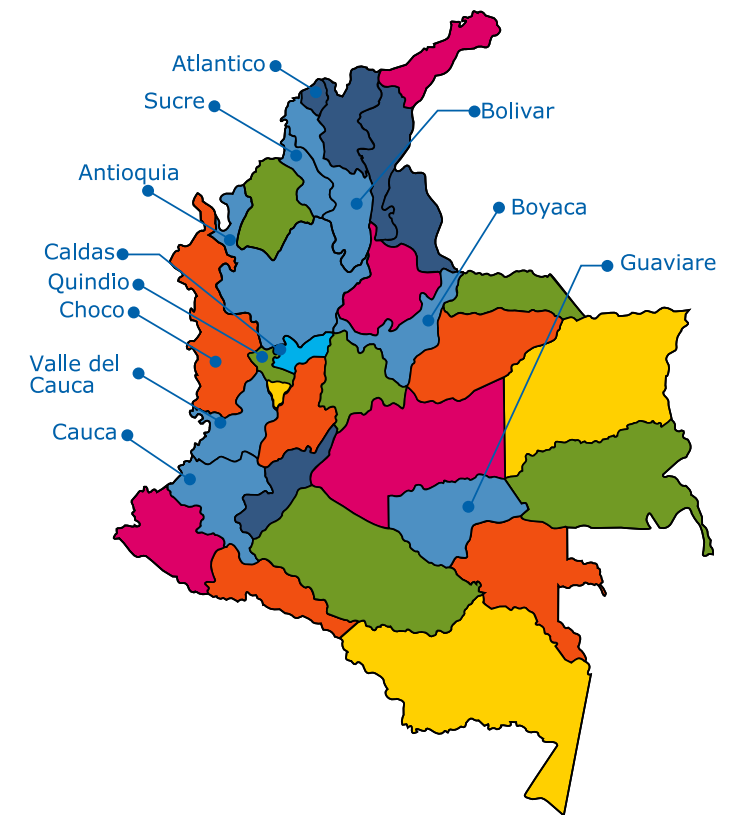
Goals:

- To attain total coverage for elementary and high school education by 2010.
- To attain 34% coverage for university education.

Departments with pilot tests:

Currently, there are 70,628 families involved, including 4,372 displaced families, in 34 municipalities in 12 Departments of the country.

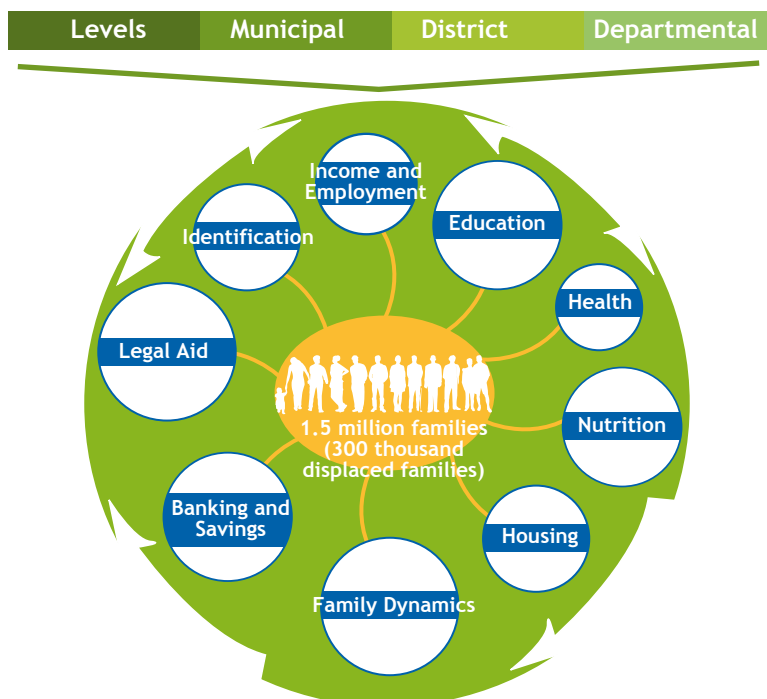
The goal for 2008 is to involve 100% of the municipalities of the country in this strategy.



3. Protective network for overcoming extreme poverty - Red Juntos

The Together Network is a comprehensive intervention strategy coordinated by different state institutions at different levels to improve the living conditions of families in extreme poverty.

The Together Network concentrates all the social programs on the selected families in order to attain the following basic achievements:



Institutions Involved

- Acción Social
- Bancoldex – Opportunity Bank
- Counseling for Women's Equality
- National Planning Department
- Family Welfare Institute
- ICETEX
- INCODER
- Ministry of Agriculture
- Ministry of Education
- Ministry of the Environment
- Ministry of Social Protection
- Ministry of the Interior
- National Registry
- SENA

4. Opportunity Bank

This is a long-term policy that facilitates access by the less favored to financial services. The Opportunity Bank is not a bank that serves the public directly. It is a network made up of banks, commercial finance companies, cooperatives with financial activities, NGOs, micro credit entities, and Family Compensation Funds. Moreover, there are non-bank correspondents who are third parties hired by a credit establishment to provide financial services.

The role of the national government is to attain a reduction in the cost of financial services, to promote and design products better suited to the needs of low-income groups, and to promote the expansion of the institutions in the network so that they reach the population groups that have received the least attention. The national government also signs agreements with institutions in the network and does follow-up to make sure they meet the goals established. It also promotes the collection and provision of information to the public that is sufficient, clear, understandable, standardized, accessible, and timely.

Thanks to the Opportunity Bank the less favored can access the following services:

- Fund collection and transfer.
- Deposits, withdrawals, and transfers between accounts.
- Cash disbursements and collections for active credit operations.
- Gathering of documentation and information related to opening an account or applying for a loan.

Advances:

As a result of these services, as of March 2008 the Opportunity Bank program has disbursed more than 2.3 million loans to micro entrepreneurs. For almost eight hundred thousand of those micro entrepreneurs this was their first formal loan.

Goal

The goal for this four-year period is to provide these financial services to the 1099 Colombian municipalities, to increase the number of micro loans granted by 5 million, to increase savings accounts by 3 million, to attract 850,000 new associates for the cooperatives, and to increase bankarization by 5%.

5. Reintegration

From August 2002 to May 2008, around 47,000 people have demobilized, 15 thousand of them individually, and around 32,000 in groups as a product of the peace negotiations with the self defense groups and initiatives by members of other insurgent groups.

These numbers go up constantly because an average of 8 people lay down their weapons daily since August 2006.

To effectively reintegrate demobilized persons into civil life, a program has been developed based on three core areas:

1. An individual profile for each demobilized person. These profiles consist of psychological, social, vocational, and civic attributes, as well as age, ethic group, and gender.
2. Specialized services:
 - Psychosocial accompaniment, which consists in guiding people along their route toward reintegration.
 - Education based on values and coordinated with the income generation strategy.
 - Health attention consisting of access to the subsidized health system through a family health module that promotes prevention and specialized attention.
 - Temporary economic support according to the individual's profile and his reintegration route relative to psychosocial development, academic education, work training, and insertion in the job market.
 - Economic reintegration consisting in developing skills so that the individual can be self-sufficient and compete in the job market under equal conditions. It begins with building an employment profile.
 - Security, which consists in detection of risks that might affect the community, accompaniment, preventive counseling, and protection of people at risk.
3. Regionalization:

Regionalization helps local governments and communities take ownership of the process through the following activities:

- Work with the communities.
- National Network for Attention.
- Local reintegration plans.

Most notable advances:

- Of the 47,631 demobilized persons, 31,196 are involved in this process.
- Psychosocial support has been provided through 30,772 workshops and 7,093 home visits.
- Currently, 7,644 reintegrated persons are in elementary school, 8,199 in high school, 270 in vocational schools, and 211 in higher education.
- 9,202 people have completed job training and 4,109 are currently in job training courses.
- To date, the program has 18,711 participants working.

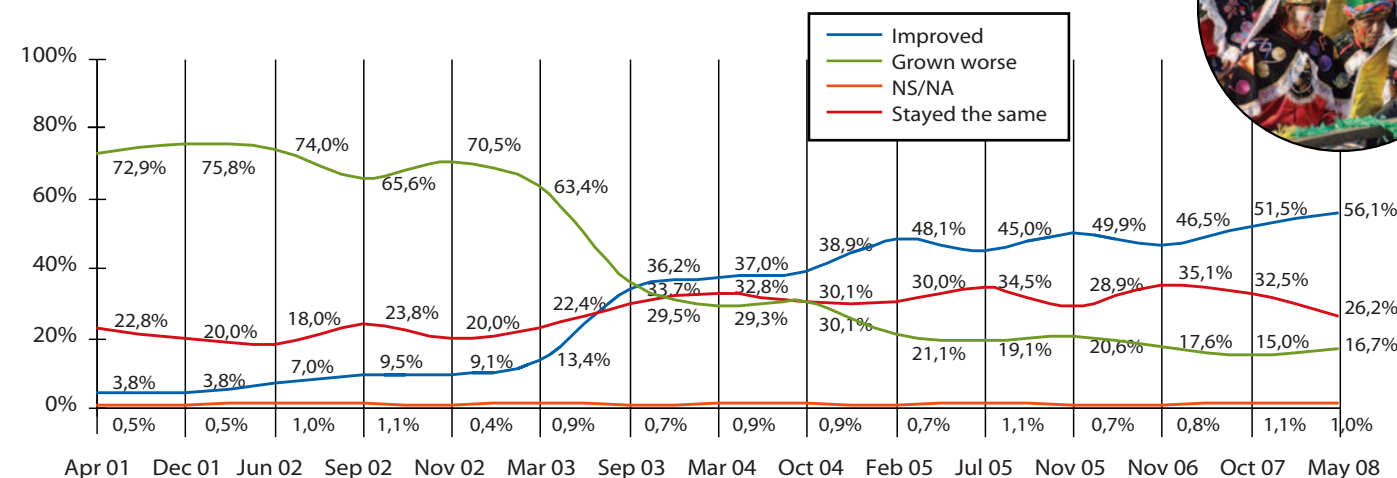
*These indicators are for the last 3 months.

Some of the goals are:

- To have 28% of all the participants who have entered school at some level already graduated from elementary, high school, or university.
- To have an average class attendance of 80% out of the active participants who are in school.
- To give 95% of the participants and their nuclear families health coverage - health card or ID – in the subsidized or contributory systems.
- To involve 72 institutions in the community work carried out by the ACR in the participating municipalities.
- With support from private enterprise, we hope to close the year with 1,241 business plans up and running, generating 17 thousand additional jobs for Colombians.
- We hope to have 16,000 of the participants in classrooms, a challenge that we will surely meet with the help of state entities, friendly governments, and the private sector.

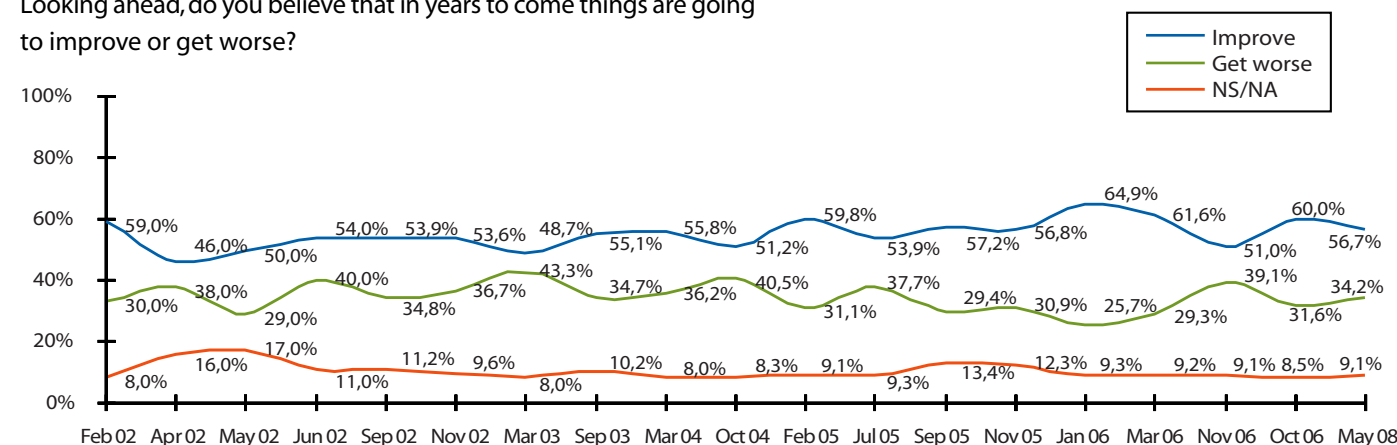
Colombians have felt the change in the country in recent years.

Do you believe that over the last four years the general situation in the country has: improved, grown worse, NS/NA, or stayed the same?



They are also very optimistic about the future:

Looking ahead, do you believe that in years to come things are going to improve or get worse?



Type of survey: Individual
Duration: 45 minutes approx.
Sampling: Random selection of neighborhoods, blocks, and homes
Number of surveys: 1300

Tool used: Structured questionnaire
Fieldwork: April 30 to May 12, 2008
Weighting variables: Gender, income group, age, and city.

We are aware that we still have much to do, but with government effort and active support from all Colombians we are going to build the Colombia we have always dreamed about. A Colombia without violence, without inequality, where future generations can grow up in peace.



“We are going to build a nation in harmony, with honesty, that is prosperous and just. We will do it with passion and with energy, so that future generations can live happily in this noble land. We implore the help of those who guide us from eternity. And help from our Lord, who inspires us through his tenacity in doing good.”

Álvaro Uribe Vélez