





## Confidence in Colombia

The Colombia of today is full of hope, wonderful people, and triumphs. Colombia has restored security to the nation, and, along with it, investor confidence and production from the fields. And this is all beginning to produce a true social reactivation.

The results obtained so far motivate us to continue working, to continue building a nation in which we all can live together in peace and with greater opportunities. We are determined to end the violence and the drug trafficking, and to never give up in the face of threats from terrorism.

There is still much to be done, and that is why we will continue to work on the government's three main lines of action:

- Democratic Security
- Investor confidence and economic growth
- Social policy

The three are intricately linked: security encourages investment, and investment with social responsibility produces progress in overcoming poverty and building justice. And when security and investment make social policy sustainable they gain legitimacy.

Earlier political discourse by leaders suggested that Democratic Security and social programs were mutually exclusive. Today, the people cry out equally for more security and more social investment, more social policies, more education, and more health programs.

**"We understand investment as a cohesion as being tied to security. no other option than to hand out**

**social function connected to our social goals and results. We understand social Without security there can be no investment, and without investment we have equal shares of poverty."**

**Alvaro Uribe Vélez**

# Democratic Security

Restoring order and security is an essential requirement for making human liberties and human rights a reality.

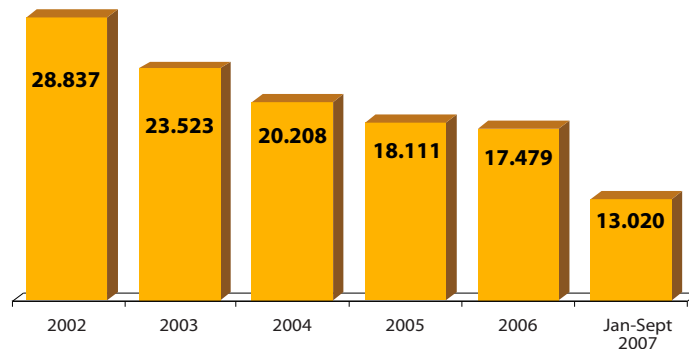
Democratic Security is a central concern of this government, and it is needed to guarantee the protection of citizens. The state protects everyone equally and without distinction, so that all Colombians may enjoy their rights.

We have made progress, but we still have a long road to walk, with years of continued effort. We must persevere in this policy and obtain concrete results in order to sustain our constant demand for support from our citizens, so that they might pay their taxes out of deep conviction, and so that our soldiers and policemen may be continuously accompanied by the people. We will not rest until Democratic Security becomes a reality for all Colombians.

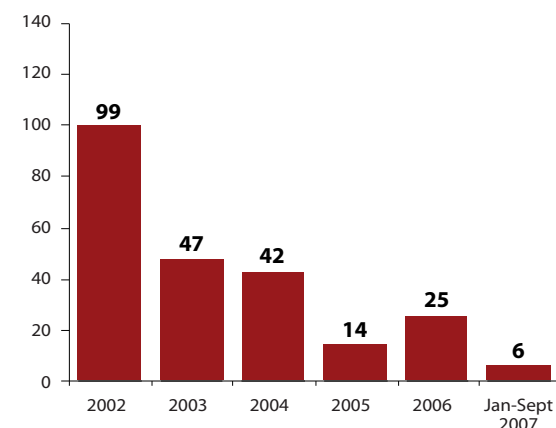
The following are some of the indicators that show that today's Colombia is a safer place.



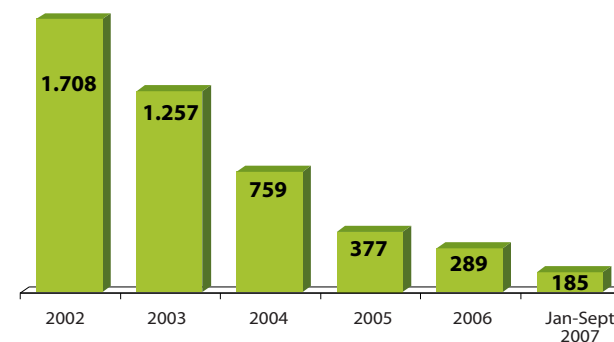
## Common Homicide



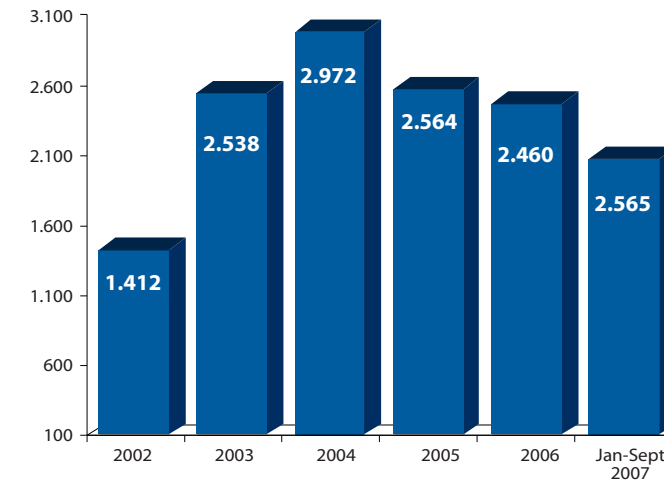
## Homicide of Union Members



## Extorsive Kidnappings

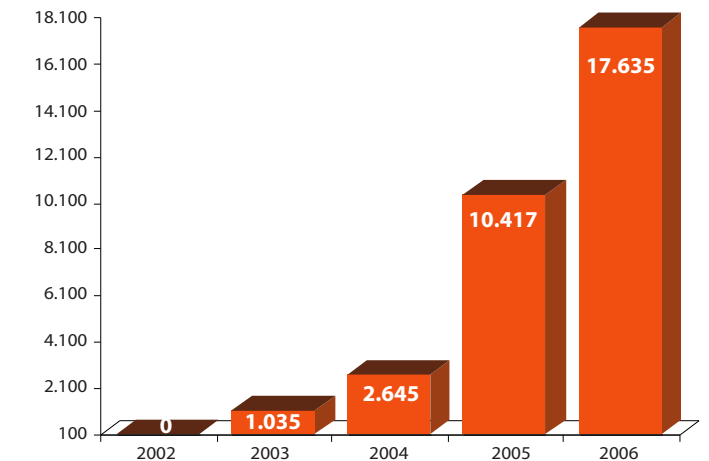


## Individual Demobilizations



**Total Desmovilized**  
• More than 45.000

## Collective Demobilizations



## More indicators

In August 2002, **415 Mayors** had been threatened. Currently, only **193** have been threatened to date, **and almost all the Mayors** now **exercise office** from their municipal seats.

The **national government provides special protection to 9,372 people**, with an investment of **\$90,755,482 million**. Of the total number of people protected, **27%** are councilpersons, and **18%** are union workers, with **9%** and **30%** of the total resources allocated respectively. **Not a single protected union worker has been a victim of violence.**

In 2002, **91,432,064 vehicles** were circulating on the **highways**. This number has increased to **120,259,526 in 2006**. In other words, **31.5%** more vehicles are now circulating.

The government will allocate **80 billion pesos in 2008** so that number of **District Attorneys** working in the Justice and Peace Unit can increase from 23 to 225, and the number of **investigators** from 40 to 800 in 2007.

## Goals

- To maintain the downward trend in these crimes that assault life, personal freedoms, and the resources of Colombians, with the protection of the right to life the priority.
- To continue stimulating cooperation between the public security forces and citizens through mechanisms such as the cooperators' network and the citizen support and solidarity networks.





# Social Cohesion

The national government has focused its efforts on strengthening human and social capital by aiming available services and programs at population groups that are either the poorest or excluded from the state's social services.



■ **Three million Colombians** were able to **move out of poverty** and another three million out of extreme poverty. Our goal is to reduce poverty to 35% by 2010 and extreme poverty to 8%.

■ **Inequality went down** over the 2002-2006 four-year term, going from 0.58 to **0.54**. (Gini coefficient.)

■ The **unemployment rate went down an average of 3.1** percentage points per year, going from 15.1% in the June 2001 – May 2002 period to 12% in the June 2006 – May 2007 period. Our goal is to move the unemployment figure down to close to 8% in 2010.

■ From 2002 to 2006 **affiliation grew by 24.2%** in what is called the **Contributory Regime**, where workers are given a full benefits package through payroll taxes.

■ From 2002 to 2007 affiliations in **professional risk insurance and compensation funds grew by 38.1% and 47.1%**, respectively.

■ To date, **more than 20 million people** are **affiliated in the Subsidized Health System**, reaching coverage of 74% of all the people in SISBEN income groups 1 and 2. Our goal is to incorporate 2,500,000 new affiliates in the year 2008.



■ In the year 2002, the School Cafeterias Program served 2,229,687 **school-aged children** from SISBEN income groups 1 and 2 **attending public schools**. That number rose to 3,607,768 as of June 2007. We **expect to feed 4,026,198 children** by the year 2010.

■ In 2002, the **ICBF (Colombian Family Welfare Institute)** served 6 million people, and this year it **will serve close to 10,200,000**.

■ **Social programs** went from representing 13.4 percent of the GDP in 2002, **to 16.3 percent of the GDP in 2007**, an increase of three points, with social expenditures being four times higher than defense expenditures.



The following are some of this government's flagship programs:

## Families in action

The national government through this initiative delivers nutrition subsidies to children under seven years of age, and a school subsidy to children from the ages of 7 to 18 in families in the lowest income groups.

This subsidy grants families direct monetary support, and in exchange they make certain commitments. The subsidy is handed over to the mothers, who in general tend to spend household income on food, education, and health. The program provides a nutritional subsidy of 100,000 pesos for 12 months, a subsidy for elementary education of 30,000 pesos per child every two months, and 60,000-peso subsidy per child for secondary education, also bimonthly.

This program is not a shortsighted welfare program. The mother must guarantee that the smaller children go for check-ups to follow-up on their growth, development, and immunizations, and must guarantee their attendance at school.

## Results

- Total general and food consumption increased by 15%. The increase was mainly in foods such as meat, milk, chicken, and eggs, while in non-food products the most notable increases were in education, clothing, and shoes.
- Chronic malnutrition in children from 0 to 2 years of age in rural areas was reduced by 10%.
- In terms of health, acute diarrheal diseases decreased from 21% to 10% in children under 4 years of age in rural areas. At the same time, there was a 12% increase in DPT immunizations.
- Rates for high school attendance for beneficiary children from 12 to 17 years of age increased by 12.1% in rural areas, with attendance going from 77.1% to 89.2%. In addition, there was a 5.9% increase in urban areas, with attendance going from 87.7% to 93.6%.
- Child labor for children aged 10 to 17 living in rural areas went down by 5.5%. There was also a very significant impact on the daily hours worked by the children, with a 4.6% reduction for children from 10 to 13 years of age, and a 9.2% reduction for the group from 14 to 17 years of age.
- There are now more than 120 thousand displaced families signed up for the Families in Action program.

## Goals

The goal for 2007 is for 1.5 million families from SISBEN level 1 and from displaced population groups registered in the program. In that case, 3 million children would benefit. Of that goal of 1.5 million new families, 1.2 million will be from SISBEN level 1 and 300,000 from displaced households.





## Forest Ranger Families

Starting in 2003, peasant, indigenous, and afro-descendent communities located in environmentally strategic ecosystems and affected by illicit crops have made the decision to voluntarily eradicate those crops in their villages and replace them with legal productive alternatives and environmental projects. These alternatives then contribute to the sustainable management of forests. This year the name of the program has changed to "Productive Forest Guard Families."

The program is in 8 Departments and 28 Municipalities, and families are given \$3,600,000 over a year and a half.

### Results:

The goal for the government's first term was 50,000 families, and we currently have 53,111 in 17 Departments of the nation.

The goal for 2007 is now to increase the number of families by 14,500 and to reach a total of 80,000 families by the year 2010.

## Involved institutions

Acción social  
Bancoldex - Opportunity Bank  
Council 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 Civil Registry  
SENA  
Universidad Nacional a Distancia (National Distance University)

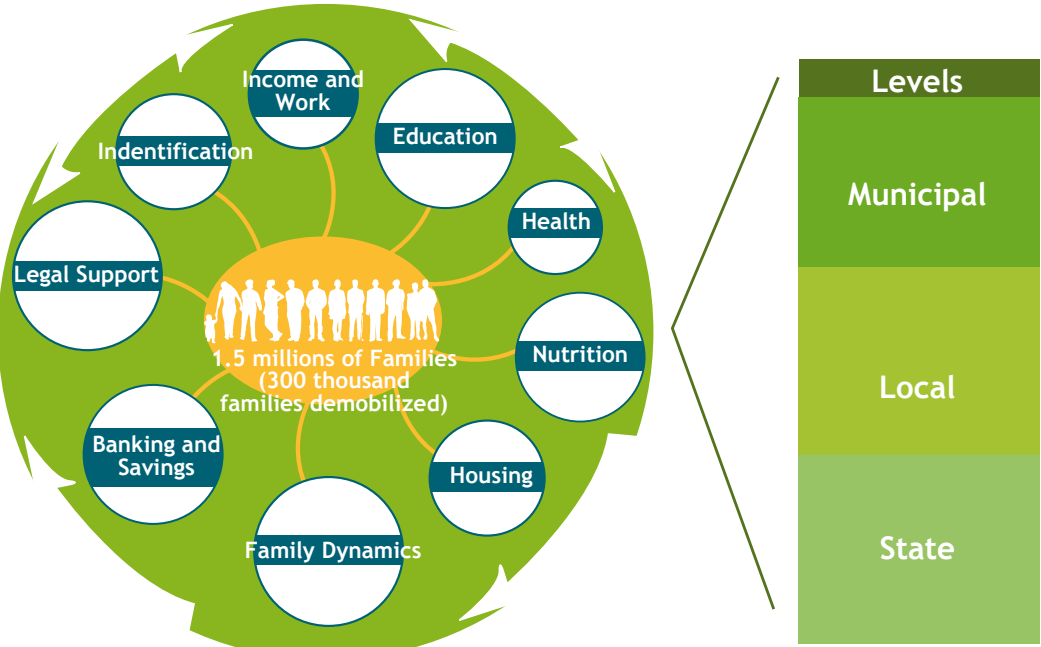
Departments that began with a test pilot



## Protection network to overcome extreme poverty - Juntos

This is an integrated intervention strategy coordinated by the different institutions and levels of the state in order to improve the living conditions of families living in extreme poverty.

JUNTOS concentrates all the social programs on the selected families with the goal of attaining basic improvements in the following aspects:



To put this program in motion the **JUNTOS** network will start with the families already in the Families in Action program.

The goal is to register 1.5 million families, including the displaced persons registered in the RUPD (National Registry of Displaced Persons), and obtain the successful exit from the program of 80% of the families.





## Bank of Opportunity

This long-term policy facilitates access to financial services for the less privileged. An Opportunity Bank does not serve the public directly. It is a network of Banks, Commercial Financing Companies, Cooperatives with financial activity, NGOs, Micro Loan Institutions, and Family Compensation Funds.

There are also non-banking members -- third parties hired by a credit establishment to provide the financial services the credit establishment would like to offer.

The role of the national government is to reduce the cost of providing those financial services, to promote and design products that best meet the needs of low-income groups, and to promote an expansion of the institutions in the network so that they might reach the people who are least served. The government signs agreements with the institutions in the network and makes sure they meet the established goals, and it gathers and provides to the public information that is sufficient, clear, understandable, uniform, accessible, and opportune.

Thanks to the Opportunity Bank, less privileged people can access the following services:

- Collecting and transferring funds.
- Deposits, withdrawals, and transfers between accounts.
- Disbursements and collections in cash for active loan operations.
- Gathering documentation and information related to opening an account or requesting a loan.

**Progress:** As a result of this strategy, as of September 2007 the Opportunity Bank program has granted more than 1.5 million loans to micro entrepreneurs.

### Goal

The goal for this current four-year term is to provide financial coverage for 1,099 Colombian Municipalities, to increase the number of micro loans granted by 5 million, increase the number of savings accounts by 3 million, to encourage 850,000 new associates in cooperatives, and to increase bankarization by 5% over the next 4 years.

## Reintegration

From August 2002 to July 2007, around 45,000 people have demobilized. Thirteen thousand of them have demobilized individually, and around 32,000 in group events as a product of peace negotiations with the self defense groups and initiatives by members of other insurgent groups.

This figure is constantly increasing, bearing in mind that since August 2006 an average of 8 people have been putting down their weapons daily.

### Precedents:

- To affiliate 100% of the people involved in the re-integration process and their families in subsidized health.
- To register 16,000 re-integration participants and 6,000 of their family members in elementary or middle school by December 2007.
- To create 1,312 jobs by December 2007, through supported Business Plans, and another 14,000 over the next three years.
- To have 10,029 demobilized persons in training by December 2007.
- To create 650 jobs during the second semester of 2007.
- To have 3,000 Community Workers by the close of 2007.

To effectively re-integrate demobilized persons into civil life, a program has been developed based on three specific lines of action:

1. Individualization of the profiles for each demobilized person. The profiles include psychological, social, vocational, and civic attributes, and groups people by age, ethnicity, and gender).
2. Specialized services:
  - Psychosocial accompaniment consisting in guiding demobilized persons along the road toward re-integration.
  - Educational services based on values and tied to the income generation strategy.
  - Health services, including access to subsidized health through the family health model, which guarantees prevention and specialized attention.
  - Temporary economic support according to the individual's profile and his plan for integration relative to psycho-social education, academic education, job training, and breaking into the labor market.
  - Economic re-integration consisting in developing skills to make the individual self-sufficient and able to compete under conditions of equality in the job market. This begins by building a job profile.
  - Security, consisting in detecting risks that may affect the community, accompaniment, preventive consulting, and protection of persons at risk.
3. Regionalization

This program encourages local governments and communities to take ownership of the process through the following activities:

- Construction of a regional diagnosis, culminating with an action plan that will align the program with the reality of each region and empower the available resources.
- Identification of the Municipalities involved and contact with the institutions and the community.
- Creation and strengthening of 37 ACR service centers across the nation.

### Most noticeable advances:

- Of the 45,300 demobilized persons, 95 % of the demobilized are with the process.
- Psychosocial support has been given through 3,731 workshops, 10,052 home visits, 4,862 family and community activities, 7,337 individual consultations, 12,709 people attended under the previous system, and 21,112 re-integration plans made.
- 11,448 demobilized persons are now in school.
- 7,895 people have been trained, and 4,389 are being trained.
- Agreements with 114 companies for 917 jobs. There are currently 84 participants working. Seven thousand forty-four demobilized persons have worked as community workers in the past, 764 are currently working, and 2,064 are in training.

### Goals:





# Economic Growth and Investor Confidence

Investor confidence is the only thing that will give us a high growth rate sustained over the long run. Our model for State and Society builds investor confidence by restoring security, stabilizing taxes, setting up new free trade zones, signing legal stability contracts, and keeping the Nation fiscally healthy.

For investor confidence it is very important for the country to have long-term vision and a strategy for competitiveness. Vision Colombia: Second Centennial to the year 2019 governs our Development Plan for the four-year term. The agenda for competitiveness is adjusted to that Plan and, like the long-term vision, has also been developed through a democratic process of consensus.

## 1. Ability to compete

If we are to achieve a higher economic growth rate, improving mechanisms for competitiveness is indispensable at all levels. For that reason in 2006 the institutional framework for competitiveness was redesigned, along with the strategic guidelines for the country's competitiveness and productivity policy.

As part of the redesign of this policy a National System for Competitiveness was created. A Combined Technical Secretariat was also formed, made up of the DNP, the Ministry of Commerce, Industry, and Tourism, and the Private Council for Competitiveness. For the first time in this country, the private sector has been actively involved in the definition of competitiveness policies.

Relative to work on a regional level, nine Regional Competitiveness Commissions (CRCs) have been formed, and 10 more Departments will form CRCs before the third quarter 2007.

The objectives of the competitiveness policy:

- To develop world-class sectors.
- To promote leaps in productivity and employment.
- To formalize the economy.
- To guarantee the elimination of obstacles to competition and investment.

The following are some of the advances made with the restructuring of the competitiveness policy:

- Conpes for Quality.
- Implementation of the Conpes for the Opportunity Bank.
- Consolidation of the import module and start up of the Export.
- Module at the Single Foreign Trade Window (VUCE for the Spanish).
- Approval of the Law for the Bankruptcy System.
- Implementation of the agenda for international negotiations.
- Approval of the Farm-Income-Insurance Law.
- Approval of the tax reform.



# Economic Growth and Investor Confidence

The following are some of the infrastructure improvements that will make Colombia more competitive:

- The national government paved a total of 4,283 kilometers in different regions of the country from 2002 to 2007.
- From 2002 to date, 816 bridges have been built, of which 191 have been in the last year.
- Six thousand meters have been excavated of the 8,554 meters in the pilot tunnel on the section of highway called La Línea, one of the most important works that will make the country able to compete.
- From 2002 to 2007 the national government has undertaken 105 river projects, of which 38 have been executed in the last year.
- The "El Dorado" airport was given in concession, and will receive an initial investment of 650 million dollars.
- Forty-five airports in peripheral areas of the country were built or improved with an investment of more than \$100 billion.
- Investments of \$135 billion were made in airport and aeronautical security for a total accumulated investment of \$780 billion since 2002.
- We are building 9 Transmilenio mass transit systems, and we have another 10 cities waiting in line for their systems. The national government contributes 70 percent of the cost and the local government 30 percent.
- Contracts have been signed for almost all the sections of the divided highway from Buga to Buenaventura, and work is underway on the divided highway for the Bogotá – Girardot and Bogotá – Sogamoso sections.



## 2. Economic Growth

The following are some examples that show the greater confidence existing today in Colombia:

- The **economy grew by 6.8%** in 2006, the highest rate in 28 years.
- In the first semester of 2007 the **GDP grew by 7.48%** and without illicit crops it grew by 7.59%, the highest rate since 1978.
- In 1999, Colombia lost its investment grade. In **June of 2007** one of the main international risk rating agencies, **Standard & Poor's**, returned the grade for foreign debt rating, **upgrading from BB+ to BBB-**, while other firms have also modified their positions on Colombia moving us increasingly closer to investment grade.
- 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 the January – June 2007 period, **exports totaled 13.217 million dollars** representing **growth of 17.6%** over the same period one year prior.





- As of 2005, the country had 3 **free trade agreements with 9 countries**. There are currently 9 additional free trade agreements being negotiated that will give us preferential access to **54 countries with more than 1 billion consumers**.
- Year to date in 2007, **7 free trade zones have been approved** that will facilitate investments of close to **\$243,000 million** and the generation of more than **9,400 direct and 16,800 indirect jobs**. In addition, in that same period, 5 Legal Stability Contracts have been approved for more than \$477,000 million, which will generate more than 3,500 direct and 3,600 indirect jobs. There have also been 5 investment agreements negotiated with an equal number of countries.
- In 2002, 566,761 foreign visitors came to Colombia and in **2006 1,140,530 travelers were attracted to the country**. Last year alone, **Colombian tourism grew by 14%**, while overall world tourism grew at 4% and Latin American tourism grew by 6%.
- In 2006 direct foreign investment in Colombia reached US\$ 6,295 million, representing a growth rate of 194% over the results for 2002. During the first quarter of **2007, direct foreign investment totaled US \$2,342 million** and grew by 114% over the results obtained during the same period in 2006.
- **Growth in household consumption** went from 3% in 2002 to **7.3%** in the first quarter of 2007.

### Some of our goals are:

- To negotiate, sign, and ratify in the Congress of the Republic all the free trade and investment agreements. Those agreements will then translate into exports in the amount of 40 billion dollars in 2010, with processed exports increasing from 35% to 45% of the total.
- To reach a volume of 4 million foreign visitors per year by 2010. Income from tourism will increase by 100%, going from 2 billion dollars to 4 billion dollars annually by the end of the four-year term.
- To increase processed exports from 35% to 45% in 2010.
- To attract annual foreign investment flows of 12.5 billion dollars through the new tools implemented to transform the country's productive base.
- In economic growth the goal is for Colombian Gross Domestic Product (GDP) to grow 5.8% in 2007 and remain above 5% annually until 2010.

**"We are going to build a harmonious generations might live happily on We implore the help of those who**

**that is upright, prosperous, and just. We will do so with passion, with energy, so that new on this noble ground."**

**guide us from eternity. And the help of our Lord God, a light that inspires tenaciousness in doing good."**

**Alvaro Uribe Vélez**



Of all the fruits this land bears the most important ones are optimism hope and the drive of its people. Colombia es Pasión strives to make Colombian values known.

  
**Colombia**  
*es pasión*  
[www.colombiaespasion.com](http://www.colombiaespasion.com)  
Tel: (571) 2410 544 / 5600 100 ext. 3095  
[informacion@colombiaespasion.com](mailto:informacion@colombiaespasion.com)