

THE NUCLEUS APPROACH IN CARTAGENA



The beautiful colonial town of Cartagena de India in north-western Colombia is best known as an attractive tourist destination with its beautiful beaches, lavish landscapes and historic buildings. But apart from tourism and a significant petrochemical industry, Cartagena's economy also counts on a huge number of micro and small enterprises spread over a wide range of sectors. Strengthening these companies is one of the main challenges in order to diversify the economy and to reduce income inequalities.

In 2010, several small cattle farmers were contacted by the Chamber of Commerce of Cartagena (CCC). They were presented with a new initiative of the Chamber to bring together entrepreneurs of the same sector. Together, they should exchange experience and develop their business. Not all farmers were convinced, but 12 farmers, all heading informal family businesses, showed up and started to work on this endeavour. They started discussing common concerns, for example, electricity and soils. The chamber organised advice for the use of solar equipment for electric power generation and for the use of mineralised salts for the soils of the herds. The farmers were content. Familiarity and trust within the group began to grow. They started to

coordinate the joint acquisition of breeding animals. Many more initiatives followed.

In April 2014, the initial dozen had turned into a group of more than 70 cattle farmers. The group founded an official association. They hired accountants, organized technical assistance and participated in trade fairs. Five members opened meat restaurants. All the initial members had formalised their businesses by then. On average, the members of the Nucleus duplicated their employment.

The cattle breeders group was not the only nucleus created by the Chamber of Commerce of Cartagena. With the support of **AL INVEST IV**, the Chamber created 22 Nuclei, benefiting 341 SMEs. 45% of those SMEs were in fact micro enterprises. A large number, unfortunately not documented by the CCC, were informal. Most of them formalized during the process.

Practically all enterprises benefited from training courses, 161 companies received technical assistance, including 80 in export management, 143 were part of national business missions and fairs, 55 in international missions and fairs.





This support gave birth to 4 associations in the following sectors: restaurants, hotels, electrical goods and services, cattle-raising.

The Nucleus Approach

The Nucleus Approach was adopted by the Andean Consortium of AL INVEST IV. The approach, introduced by SEQUA since the 90's in Brazil and in many other countries, aims at mobilizing individual enterprises, especially small enterprises. The enterprises of a Nucleus identify common problems in their sector, define their needs and start common activities, with the support of a counsellor. This leads to increased competitiveness. Furthermore the members request performance and results from the chamber/association, claim ownership of the chamber/association, and engage in its development.

Results at the Andean level

The results at the Andean level of AL INVEST IV are outstanding:

- 24,307 SMEs improved their capacity to internationalise, against an objective of 11 600.
- 6, 523 SMEs increased their exports, against an objective of 2 950.
- More than 1000 of them were first time exporters
- 21,616 direct jobs were created, against an objective of 20,000.

The cost/benefit ratio is an indicator of efficiency: 520 US\$ per beneficiary SME.

Sustainability of results

The benefits of AL INVEST IV proved to be highly sustainable. At the end of the programme, the number of Nuclei dropped to 11, but the CCC created a Nucleus Department which continued range of support of AL INVEST IV. The number of Nuclei rose to 22 in May 2014, with the objective to reach the number of 30 at the end of 2014.

At the end of 2013, the CCC organised the integration of many Nuclei into a newly formed tourism cluster, and worked in 2014 into the integration of other clusters into a cluster for industrial maintenance. The CCC maintained its relations with Sequa. The number of counsellors was raised from 3 under the AL INVEST programme to 6 now. Partly as a result of the Nucleus experience, the CCC is contemplating the creation of a Business School.

The creation of Nuclei also reinforced significantly the CCC. The Nuclei are represented in the Board of the CCC. The number of affiliates of the CCC was raised from 21,050 in 2009 to 25,235 in 2013.

Also, under AL INVEST IV, the CCC, thanks to the support of the Austrian Economic Chamber, restructured its services to members and its CRM (Customer Relationship Management).

Demonstration effect

The CCC, along with the Chamber of Commerce of Bucaramanga proposed a dissemination of the Nucleus approach to all Colombian chambers via a financing model of Confecamaras, the Federation of Chambers in Colombia. The aim of this initiative is to introduce Nuclei in all Colombian chambers in Colombia.

Economic development

Apart from individual improvements for each company the Nuclei played a role in the local economic development. The Restaurant Nucleus of Cartagena contributed significantly in the positioning of the city as a world class destination for tourists and for gastronomy by the Tourism Corporation of Cartagena de India. This support was combined with Pro-export, which delivered the Nucleus a study on international demand for food services. On invitation of this Corporation, the Nucleus has now a seat on the Gastronomic Committee, which has the task to promote the city as a gastronomy destination.