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SEMI-ANNUAL PROGRESS REPORT: CONTRACTOR'S NARRATIVE

Contract No: AID-263-C-11-00003
July 1 – December 31, 2014

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Egypt Trade Facilitation Project
Contract No. AID-263-C-11-00003
Contractor: Nathan Associates Inc.

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1. CONTRACT OBJECTIVE

As written in the objective section of the contractual statement of work (SOW), the Trade Facilitation Project (TFP) was “designed to address key constraints to improving Egypt’s trade environment while providing support to Egypt in fulfilling its commitments under the Strategic Economic Partnership.” Also in the SOW, “TFP will contribute to USAID/Egypt’s assistance objective of improving conditions for trade and investment and will support the overall USG strategic economic partnership with Egypt signed in May 2009. The ultimate objective of this activity is to promote economic growth and job creation and reduce poverty through improvements in the trade environment.” Improvements in trade facilitation will contribute to Egypt’s economic development objectives in several ways. The reduction in barriers to trade and the creation of more efficient internal and external trading systems will help streamline and expedite the flow of goods across and within Egypt’s borders. These improvements will reduce the transaction costs of trade, thereby lowering overall cost of production and increasing the potential for reductions in wholesale and retail prices. With lower costs, Egyptian firms can improve their margins or their competitive position and market share in global markets or reduce costs to consumers in the domestic economy. These improvements in economic efficiency will, in turn, lead to jobs and wealth creation, the cornerstone of beneficial and broad-based economic growth. To achieve these objectives, the contractor shall assist the GOE in implementing a number of reforms, which enhance trade and relate directly to the US-Egypt strategic economic partnership.

Project results are categorized broadly in two major results: 1) external trade made more efficient and consistent with international standards, and 2) internal trade processes improved and strengthened.

The main government counterpart for the project is the Ministry of Trade and Industry (MTI). During the life of the project the name of the Ministry has changed to the Ministry of Trade and Industry, the Ministry of Industry, Trade and Investment and finally to the Ministry of Industry, Trade and Small and Medium Enterprises. The Ministry of Finance, represented by the Egyptian Customs Authority (ECA), and the Ministry of Supply and Internal Trade represented by the Internal Trade Development Authority (ITDA) have also been important counterparts for the project.

The Trade Facilitation Project is covered by Amendment 8 to the USAID Assistance Agreement No 263-0289 between the Arab Republic of Egypt and the United States of America signed on September 16, 2010 and renewed on September 30, 2014. USAID awarded contract no. AID-263-C-1-0003 to Nathan Associates Inc. of Arlington, VA on June 1, 2011.

The TFP original contract base period ran three years from June 1, 2011 to May 31, 2014 for a total amount of \$10,870,663. In May 2014, USAID/Egypt authorized a no-cost extension of the base period for two months until July 31, 2014. On August 1,

2014, USAID/Egypt exercised the option year provision of the contract, extending the project until July 31, 2015.

This is the project's seventh semi-annual report, covering the activities of the project during the six months from July 1– December 31, 2014.

1.1 Important Developments during this Reporting Period

During the period from July 1 to December 31, 2014, the Trade Facilitation Project, or TFP, initially operated within an environment of uncertainty while the no-cost extension of the base period neared expiration on July 31, 2014. On that day, Nathan was informed the option year was approved, to begin August 1. With the approval, TFP rapidly ramped up implementation by bringing on a long-term expatriate, hiring several CCN experts to support SME assistance activities, and holding a launch event for export development activities. Option year activities, largely focused on the private sector, were not directly impacted by the government transition to the election of Abdel Fattah el-Sisi as President and a new Cabinet named in June.

The goal of the option year is to build on and expand base period activities working mainly with the private sector. Key objectives include:

- support private sector awareness of, and capacity to advocate for, trade facilitation goals through the process of public private dialogue;
- support awareness among private sector firms, including SMEs, of special trade preference programs, such as QIZ and GSP, with the USA;
- support additional selected GOE agencies related to export-development including FTTC, GOEIC, the Export Councils and Junior Export Councils;
- support private sector efforts to develop and support successful SME exporters; and,
- assist private factories to reduce energy consumption and conserve water.

The USAID/Egypt Mission issued five modifications to the contractual statement of work during this and previous reporting periods:

- **Modification 1 (December 2013)** added incremental funding and modified the TFP SOW in accordance with the Mission-approved “Wind-Up” plan to continue project activities with mainly private sector counterparts while winding up other activities with government counterparts.
- **Modification 2 (February 2014)** added incremental funding to the contract and trust fund.
- **Modification 3 (June 2014)** extended the period of performance for the base period for two months from May 31 until July 31, 2014.
- **Modification 4 (July 2014)** exercised the option year from August 1, 2014, to July 31, 2015.
- **Modification 5 (September 2014)** added incremental funding for the full option year to the contract and trust fund.

2. EXPECTED RESULTS

The contract statement of work (SOW) as amended by modification 1 lists two main results expected from the project and several illustrative tasks expected from under each result, including two results that were added to the contract by Mod 1:

1. External trade made more efficient and consistent with international standards.

Task 1 - Improve the current export/import executive regulations

Task 2 - Establish a coordinated risk management system for imported commodities

Task 3 - Streamline Egyptian mandatory standards

Task 4 - Finalize customs reform measures

Task 5 - Strengthen the role of public-private dialogue relating to trade across borders

Task 6 - Support the non-tariff measures database initiated by MTI and the World Bank

Task 7 - Improve enforcement of IPR border measures

Task 8 - Improve awareness and use of special export opportunities and preference programs available to Egyptian exporters

Task 9 - Support government and private sector efforts to develop successful small and medium enterprise exporters

2. Internal trade process improved and strengthened.

Task 1 - Promote distribution/retail sector

Task 2 - Overcome deceptive advertising

Task 3 - Support the food safety system

Task 4 - Improve enforcement and application of IPR systems in the domestic market

Task 5 - Improve environmentally sustainable production

The tasks in the above list are described in the award SOW as “illustrative”, which means the Mission may direct the contractor to substitute other actual tasks in support of the desired result as the Mission determines appropriate.

2.1 Wind Up Plan

After the Morsi-led government was removed from office on July 3, 2013, USAID/Egypt issued a letter instructing Nathan Associates Inc. to prepare a plan to wind up all project activities that directly supported the Government of Egypt. TFP, in close cooperation with USAID/Egypt, produced a Wind Up Plan that was

incorporated into TFP's SOW with Modification 1 in December 2013. This plan specified all TFP tasks and activities to be (a) stopped and not re-started, (b) completed in an orderly manner as soon as feasible, or (c) continued to be implemented and possibly expanded until the end of the contract base period, which Modification 3 extended until July 31.

The option year incorporated key elements from the Wind Up Plan and, in this semi-annual progress report the reader will find the current project performance delineated by the expected results from the previous section. For example, some tasks in the original TFP scope of work are still listed in this report, but had no activity during this reporting period as a result of the Wind Up Plan, while some tasks had their activities wound-up and finalized.

3. PERFORMANCE REPORT FOR THE REPORTING PERIOD

3.1 Result 1— Trade Facilitation Measures Improved

Task 1: Improve Current Export/Import Executive Regulations

There was no activity under this task during the reporting period per the USAID-approved Wind Up Plan carried forward into the option year.

Task 2: Establish a Coordinated Risk Management System for Imported (and Exported) Goods

During the base period, TFP provided technical assistance to GOEIC to offer their certified lab-testing services to private sector firms on a fee basis. According to the USAID-approved Wind Up Plan, technical assistance to GOEIC needed to end with the base period. During the last month of the base period and first month of this reporting period, TFP attempted to plan two awareness events about GOEIC lab testing services directed toward the private sector but the new GOEIC Chairman did not schedule the workshops before the end of the base period. No additional activity under this task occurred during the portion of this reporting period in the option year per the USAID-approved Wind Up Plan.

Task 3: Streamline Egyptian Mandatory Standards

No activities supporting this task took place during the reporting period. The Wind Up Plan approved by USAID/Egypt in December 2013 instructed Nathan Associates to halt TFP's direct support work with the Egyptian Organization for Standardization and Quality (EOS) in the Ministry of Trade and Industry, which required cancelling plans to provide an STTA to EOS staff on conformity assessment procedures for Textiles/RMG that had been proposed in TFP's work plan. Since the change in government in July 2013, there has been little interaction between the Project and EOS.

Task 4: Finalize Customs Reforms/Restarting NCIS

TFP did not undertake any activities related to this task during the current reporting period per the Wind Up Plan carried forward into the option year.

Task 5: Strengthen the Role for Public-Private Dialogue

Strengthening the role of public-private dialogue and creating capacity and conditions in support of public-private dialogue is a cross-cutting activity that TFP takes on in conjunction with its other activities. During the reporting period, TFP engaged in several activities that helped to strengthen the role of PPD.

- IPR Book Launch

- Workshops/Events including launch events for SME Export Development and for Energy Efficiency
- Production and distribution of various media products including:
 - 2500 printed membership directories for the Engineering Export Council
 - 2500 membership directories on CDs for the Engineering Export Council
 - 1000 CDs of digitized membership directories for the Home Textile Export Council
 - FTTC Website Improvements
 - 3000 IPR books, translated into Arabic and 1000 English books
 - Designed and printed materials for the HSGE consortium including, a catalogue, web banners, business cards, and label cards.

The above are discussed below in more detail in the sections covering the respective tasks.. Comments about the PPD aspects of these tasks are presented below.

IPR Book Launch

In 2003, Nathan Associates created an introductory text on IPR, titled *Intellectual Property Principles and Practice*. The textbook, developed specifically for Egypt, was the first comprehensive text on intellectual property available in Egypt in the Arabic language. After 12 years, the book needed to be updated to remain relevant. In the previous reporting period, TFP updated the book and expanded it substantially to address new topics and issues that frequently arose in training. During this period, the project hosted a book signing launch event on October 29, 2014, where the project’s IPR advisor, Judy Goans, Cairo University Law Faculty Deputy Dean, Dr. Hassan Gemie and IPR Attorney and Arabic-language editor, Nermine Al Ali, delivered presentations to invited judges, lawyers, university professors, law school students and policymakers. The presenters also led workshops focused on the development of the intellectual property system in Egypt and on how small and medium enterprises can best use intellectual property to build their businesses.



TFP IPR Advisor Judy Goans signing copies at the *Intellectual Property Principles and Practice* Launch Event, October 29, 2014.

Energy Efficiency Program Launch Event

The Energy Efficiency Program (EEP) Launch Event, held November 2, 2014, was a day-long lessons-learned event reviewing the base period's pilot program to improve energy efficiency among domestic enterprises to increase competitiveness in international markets, as well as an inauguration marking the expansion of the program to new businesses and sectors. Beneficiaries of previous assistance, twelve factories and ten small and medium enterprises in the food processing sector, experienced between seven and twenty-eight percent energy consumption savings. During this reporting period, the program expanded to additional businesses in the food, textile, and chemical industry. This activity is discussed further in Results 2, Task 5.



TFP COP Richard Lindsey Wellons, Mr. Ismail Gaber, Chairman of IDA, and Mr. Jacinto Fabiosa, Trade and Investment Team Leader USAID Office of Economic Growth, at Energy Efficiency Launch Event, November 2, 2014.

SME Export Development Program Launch Event

The SME Export Development Event, September 15, 2014, launched the second phase and expansion of TFP's technical assistance to export-ready SMEs to reach international markets. Building on the lessons-learned event in April 2014, TFP is expanding its technical assistance to additional firms by promoting export consortiums, exploring potential trade shows in new markets, and raising awareness of market opportunities. This activity is discussed further in Results 1, Task 9.

Below is a table on the number of attendees at all events held by TFP during the reporting period:

**Table 1. TFP Events Organized and Number of Attendees,
July – December 2014**

| Event | Activity | Date | No. of Attendees | Number of Males | Number of Females |
|--|-----------------|-------------|-------------------------|------------------------|--------------------------|
| EDP Launch Event | EDP | Sep. 15 | 93 | 56 | 37 |
| Salesmanship & Trade Show Preparation | EDP | Oct. 14 | 10 | 2 | 8 |
| IPR Launching Event | IPR | Oct. 29 | 117 | 67 | 50 |
| Energy Efficiency | EE | Nov. 2 | 58 | 43 | 15 |
| Trade Show Preparation | EDP | Dec. 8 | 7 | 5 | 2 |
| Trade Show Preparation | EDP | Dec. 17 | 7 | 5 | 2 |
| Total | | | 292 | 178 | 114 |

Other Support

TFP was able to assist the Hospitality Suppliers Group Egypt (HSGE) with its efforts to produce a new product catalogue, website and advertisement banners, business cards, and product labels. The new marketing materials will strengthen HSGE as a consortium of Egyptian manufacturers who aim to work together to supply hotels and hospitals in the Middle East region.

Also in the area of consortium support, during this reporting period TFP began exploring interest among Engineering Export Council auto parts SMEs to form a group to cooperate on developing exports of complementary products in the East African market. Preparation for, and attendance at, the Auto Expo Nairobi is planned for the next reporting period.

Task 6: Support Reduction of Non-Tariff Measures (NTMs)

No activity supporting this task occurred during the current reporting period. This illustrative task was designated “inactive” early in the life of the project.

Task 7: Improve the Enforcement of IPR Border Measures

No direct activity supporting this task took place during this reporting period as per the Wind Up Plan carried forward into the option year. However, the IPR Advisor included a section on Enforcement of IPR Border Measures in the revision of the book “*Intellectual Property Principles and Practice*,” which can be used as a resource in the enforcement of border measures by Ministry of Industry and Trade and Customs officials, or prosecutors and the judiciary (see Result 2, Task 4).

Task 8: Improve Awareness and Use of Special Export Opportunities and Preference Programs Available to Egyptian Exporters

This activity supports two units within MTI: the Qualified Industrial Zones (QIZ) Unit and the Generalized System of Preferences (GSP) Unit. Under the USAID-approved Wind Up Plan, TFP stopped all activities supporting the QIZ Unit except procurement of IT equipment, which was completed in June. During this reporting period, plans were agreed on with senior management of the QIZ Unit for TFP to provide support in three areas: training of up to 12 QIZ technical staff on export-related topics; IT/software procurement; and, trade show attendance by RMG SMEs in the QIZ Program at the RMG Magic Trade Show in the US in February 2015 for which TFP training was provided in December, 2014. In addition, TFP is planning to provide support during the Show for the 10th Anniversary Event of the QIZ Program.

Regarding the GSP Unit, USAID instructed TFP under the Wind Up Plan to stop all support in late 2013 because Congress had not extended the GSP Program. As the program had still not been renewed by December 31, 2014, TFP had no activities supporting the Unit during this reporting period.

Task 9: Support Government and Private Sector Efforts to Develop Successful Small and Medium Enterprise Exporters

This is the second new task added to the TFP Scope of Work by Modification 1, and one to which TFP continues to devote a major share of its time and resources. This task addresses the GOE and Mission priorities of encouraging Egyptian exports. In this case TFP's approach is to partner with private sector entities that have the capacity to benefit from programs designed to help SME exporters improve their export skills and grow their exports. Partnering with viable partners helps TFP to leverage its project work and to sustain the benefits beyond the life of the project. Under this task, TFP started its Export Development Pilot Program (EDPP) in 2013, partnering with the Home Textile (HTEC) and Egyptian Engineering Export Councils (EEEC). SMEs receiving TFP support under EDPP demonstrated increased capacity to export and significant increases in export sales from project supported trade shows.

During this reporting period, TFP expanded its help to SMEs by partnering with the Food Export Council (FEC) as a core member of the pilot follow-on, and the Ready Made Garments (RMG) Export Council on trade show participation and training, in addition to HTEC and EEEEC. This task has proven to be demanding and rewarding: producing early positive results especially in terms of export sales for Egyptian SMEs who have participated in both the training programs and trade shows with the support of TFP and their respective Export Council.

Export Development Program (EDP)

The Trade Facilitation Project's Export Development Program (EDP) developed from TFP's Export Development Pilot Program implemented from March 2013 to April 2014 and is the second year of TFP's SME export marketing and promotion training and technical assistance activity. Similar to its predecessor pilot program, EDP

focuses on providing export promotion, marketing training, and technical assistance to thirty-eight SMEs in the home textile, processed food and metal form sectors. As well, TFP provides trade show support to the RMG Export Council, and capacity building and public awareness training to all four supported Export Councils.

During this reporting period, TFP selected export-ready SMEs, built their capacity to export through workshops and seminars, and cost-shared participation in an industry-specific trade show. First, TFP developed a selection questionnaire to screen interested SMEs, and, after reviewing the questionnaires, TFP staff visited the factories of prospective SMEs to assess their export readiness and commitment to participate. Second, TFP required the SMEs to sign an agreement pledging participation in an extensive program of training and capacity building in preparation for exhibiting in at least one trade show prior to June 2015. Each firm was asked to appoint staff to participate in TFP's organized training and to commit to investing in an industry-specific trade show. Third, USAID and TFP provided cost share support, generally covering an air ticket, partial trade show booth cost, and technical assistance – such as improvements to company website design and promotional materials – to assist SMEs to attend and benefit from trade shows. During this reporting period, TFP supported SMEs to attend the Hotel Show in Dubai in September and the SIAL Show in Paris in October. To effectively monitor and evaluate performance, TFP systematically surveyed, debriefed, and followed-up with SMEs returning from trade shows to capture lessons-learned, actual and expected sales, and other feedback.

In order to encourage sustainability of the activity after the Project ends, TFP entered into partnership agreements and collaborated with the Egyptian Engineering Export Council (EEEC), the Food Export Council (FEC), and the Home Textile Export Council (HTEC) to build their management skills and transfer curriculums and training materials. For example, TFP developed an *Export Toolkit* covering important topics that prospective and active Egyptian exporters should know. The Toolkit is a “living” document and will be reviewed, edited and distributed to the Export Councils before the end of TFP.

Export Readiness Training and Coaching

During the first few months of EDP, TFP's international and local export business consultants developed and delivered training, mentoring, coaching and follow-up technical assistance covering trade show preparation and salesmanship designed to help SMEs improve their knowledge, readiness and capacity to exhibit successfully during trade shows – i.e. the Hotel Show in Dubai and the SIAL Show in Paris.

Hospitality Suppliers Group Egypt (HSGE) and the Hotel Show in Dubai, UAE, September 2014

In cooperation with experts from UNIDO's Export Consortium Initiative (ECI), TFP continued to provide coordination and technical assistance to five home textile SMEs participating in the Hospitality Suppliers Group Egypt (HSGE) consortium before, during and after they exhibited in the Hotel Show in Dubai. TFP secured UNIDO funding for the travel and participation costs of the SMEs and TFP's Export Expert to attend the Hotel Show, and TFP supported a second TFP expert to assist the SMEs during the Show. The Hotel Show was HSGE's inaugural event and attracted great interest from buyers and neighboring Egyptian exhibitors interested to learn more about the consortium. After the show, HSGE membership turned over with two members leaving the consortium, due to a key manager departing one company, and to a decision to pursue more immediate opportunities by the other. They were replaced quickly by seven new SMEs. During the fourth quarter of 2014, TFP mentored HSGE leadership to develop a strategic plan detailing the critical next steps for the eight HSGE members. It is expected the members will sign a contract formally establishing HSGE and opening an HSGE bank account during the first half of 2015.



HSGE SME Meets with Potential Buyer

Salon International de l'Agroalimentaire (SIAL): Paris, France; October 2014

SIAL is one of the largest food trade shows in Europe dedicated to the agri-food industry, food retail, and institutional and commercial catering. TFP selected, trained, and supported ten food processing SMEs to attend the show for the first time. TFP experts mentored the SMEs in how to prepare for a trade show, interact with buyers and secure sales, and analyze the market and their competition. Participating SMEs had strong initial sales of over \$3.1 M by the end of the Show, and more than \$6.8 M in projected sales as a result of attending the Show, amounting to a total of over \$10 million. Participating SMEs also identified more than 165 potential buyers (results included in Table 2 below).



TFP-supported SME meets with prospective buyer at SIAL Paris Trade Show, October 2014

Efficient Collaborative Retail Marketing (ECRM): Orlando, Florida; April 2015

At the request of the Businesswomen of Egypt 21 (BWE 21) Association in November 2014, TFP began organizing technical and financial assistance for up to eight BWE 21 women-owned food SMEs to exhibit in the Efficient Collaborative Retail Marketing (ECRM) event in Orlando, Florida, in April 2015, with a subsequent trade mission to meet food buyers in the New York and New Jersey area.

ZARA Home

Following the initial home textile SME meeting with ZARA Home buyers in Coruna, Spain last June, TFP prepared five home textile SMEs for a second visit to ZARA Home in October. TFP coached the SMEs on pricing, product selection by category, trend, designs, color, packaging, and labeling. The ZARA Home buyers were especially interested in the SMEs' products, and the SMEs are preparing samples for a follow-on visit during the first quarter of 2015.



TFP Export Advisor, Louis Ragy, mentors SMEs on home textile market conditions, October 2014.

Automotive Component Consortium

At the request of the automotive component SMEs that participated in EDPP during 2013-2014, TFP began working with a group of automotive component SMEs to establish a consortium focusing on East Africa. TFP facilitated the group's first exploratory meeting in December at the Egyptian Engineering Export Council's office. TFP is currently meeting with interested companies one-on-one to build momentum for the consortium; hopefully, with a launch by early 2015 in time for the Kenya Automotive Fair Trade Exhibition in May 2015.

Trade Shows

From July to December, TFP provided assistance to 26 SMEs in the food and home textile sectors to attend Trade Shows in New York, Paris and Dubai. For some SMEs this was their first time participating in a trade show. In addition, the project prepared SMEs to attend upcoming trade shows: *HeimTextil* in January, *NY Now* and *RMG "Magic"* in February, and *AUTOEXPO Kenya* in May.

The following tables provide sales results at trade shows for SMEs supported by TFP during the project through the previous reporting period (end-June 2014) and in this reporting period, to give an idea of overall export sales results.

Table 2: Sales Results of SMEs Participating in Trade Shows with USAID/TFP Assistance, May 2013 to June 2014

| Export Sales Results of SMEs at Trade Shows | | | |
|---|-----------------------------|-------------------------------|---------------------------------|
| Participating with USAID/TFP Assistance, May 2013 to June 2014 (USD) | | | |
| Trade Show Attended | No. of SME Companies | Initial Orders / Sales | Projected Orders / Sales |
| Ready-Made Garment Roadshow New York, May 2013 | 7 | \$ 724,000 | TBD |
| Index Home Textile Trade Show, Jeddah, Nov. 2013 | 6 | \$ 437,000 | \$ 1,430,000 |
| Auto Guangzhou, China, Nov. 2013 | 5 | \$ 40,000 | TBD |
| PLMA Chicago, Processed Foods, Nov. 2013 | 13 | \$ 840,000 | \$ 3,560,000 |
| HeimTextil Frankfurt, Germany, Jan. '14 | 8 | \$1,200,000 | \$ 3,300,000 |
| RMG Roadshow New York, Jan. 2014 | 9 | \$ 500,000 | TBD |
| ACR Trade Show Birmingham, Feb. '14 | 1 | \$ 126,000 | TBD |
| RMG Magic Trade Show, NV Feb. 14 | 11 | \$ 550,000 | \$ 2,400,000 |
| Summer Fancy Foods Show NY June/July '14 | 13 | \$1,254,000 | \$3,135,000 |
| Total | 73 | \$ 5,671,000 | \$ 13,825,000 |
| Source: TFP Monitoring & Evaluation Questionnaires completed by participating SMEs during and after each Trade Show. | | | |

Table 3: Sales Results of SMEs Participating in Trade Shows with USAID/TFP Assistance, July 1 to December 31, 2014

| <i>Export Sales Results of SMEs at Trade Shows</i> | | | |
|---|-----------------------------|-------------------------------|---------------------------------|
| <i>Participating with USAID/TFP Assistance, July – December, 2014 (USD)</i> | | | |
| Trade Show Attended | No. of SME Companies | Initial Orders / Sales | Projected Orders / Sales |
| Hotel Show Dubai (HTEC Consortium) Sep. '14 | 3 | \$75,000 | TBD |
| SIAL Paris Food Show Oct. '14 | 10 | \$3,086,000 | \$6,830,000 |
| Total | 13 | \$3,161,000 | \$6,830,000 |
| Source: TFP Monitoring & Evaluation Questionnaires completed by participating SMEs during and after each Trade Show. | | | |

Additional Activities

During this reporting period, TFP also planned, and delivered initial, support to the following organizations:

- **Foreign Trade Training Center (FTTC):** TFP agreed to support short-term technical assistance to help the FTTC develop a strategy to provide more effective and possibly more diversified training programs that better meet the evolving needs of its market over the next few years;
- **Egyptian National Competitiveness Council (ENCC):** TFP arranged for two consultants to help draft chapters beginning in January 2015 on energy efficiency for the 2015 ENCC Annual Report that will focus on the theme of energy. TFP consultants will also participate in panels at the ENCC Annual Conference in mid-2015, and TFP will contribute to the cost of printing the Annual Report Summary.

3.2 Result 2—Domestic Market Strengthened

Task 1: Promote the Distribution/Retail Sectors

Despite efforts from the TFP project to gain momentum in this area, planned TFP activities under this task were placed on hold or stopped by senior officials in GOE counterparts with USAID concurrence due to changing structural or institutional conditions and evolving priorities in Egypt that were not anticipated in TFP's original

SOW. As part of the USAID-approved Wind Up Plan, the mission instructed TFP not to initiate activities with GOE under this task.

Task 2: Overcome Deceptive Advertisement

With the exception of a few presentations by TFP's intellectual property expert in a workshop for Economic Court judges during a previous reporting period, this has largely been an inactive task.

No activities occurred during this reporting period on this task. Additionally, the Mission instructed TFP to stop work on this activity under the approved Wind Up Plan.

Task 3: Support the Food Safety System

During the previous reporting period and based on the approved Wind Up Plan, TFP supported the Food Safety Management Unit (FSMU) develop its web portal through procurement of a third-party vendor, design, and translation support. This reporting period, TFP helped FSMU conduct final testing and deployment of the website in November and conducted two trainings on Adobe Photoshop for FSMU staff to populate the website. No additional activities are planned to support the Food Safety System in the option year at this time, unless the Ministry of Trade and Industry agrees to proceed with a Launch Event for the FSMU Website which was delayed pending the Minister's decision to participate or not.

Task 4: Improve and Promote the Application and Enforcement of IPR Systems in the Domestic Market

Trademark Office

Assistance to the Trademark Office was stopped under the Wind Up Plan, resulting in no project activities in this task during the reporting period.

IPR Book

In 2014, TFP undertook the revision of the book, *Intellectual Property Principles and Practices*, a comprehensive introduction to the subject of intellectual property. The book remains the only comprehensive text on intellectual property that is available in Egypt in the Arabic language. The text is in demand for use in Faculties of Law in several major Egyptian universities and has been cited in at least one judicial decision. However, the Egyptian edition was last published in 2002, and substantial updating was required. Originally, the project had planned to use the text in a training program for State Council and Economic Court judges on IPR, but evacuation orders and directions from USAID put those activities on hold. To maintain momentum, the project asked IPR Advisor Judy Goans to update and revise the book, and the work was largely completed in the first quarter of 2014. During this reporting period, TFP finished the process of editing, translating and formatting the book, and printed 3000 copies in Arabic and ordered 1000 copies in English.

The project launched the book on October 29, 2014, where the project's IPR advisor, Judy Goans, Cairo University Law Faculty Deputy Dean, Dr. Hassan Gemie and

Attorney and Arabic-version editor, Nermin Al Ali, delivered presentations to invited judges, lawyers, and policymakers. As well, the presenters led workshops focused on the development of the intellectual property system in Egypt and how small and medium enterprises can best use intellectual property to build their businesses.

Geographic Indicators

TFP IPR Advisor, Judy Goans, met with Dr. Abla Abdelatif, Advisor to the Minister of Trade, Industry, and SMEs, to discuss how Egypt can take advantage of the system of Geographic Indicators (GIs) to protect and promote Egyptian cotton products and other products internationally. Under TRIPS, all WTO members are obligated to protect the GIs of other members – but not if the GI is not protected or has ceased to be protected in the country of origin. Dr. Abla indicated that Egypt is not yet ready to deal with the political issues involved but that she would bring the issue up with the Minister and that it would be considered at a later time. No additional activities are planned in this area at this time.

Task 5: Improve Environmentally Sustainable Production

During this reporting period, the TFP project launched the second phase of the Energy Efficiency Program (EEP) on November 2, 2014. The program supports Egypt's goal of a 20% improvement in industrial energy efficiency by 2022 through identifying opportunities to implement energy efficient measures in small and medium-sized production facilities. The target sectors for the program, initially food and textiles factories, were expanded to include the chemical sector, specifically sodium silicate producers, after a lack of commitment from the textile sector.

Before the November 2 launch event, TFP and WEC consultants conducted site visits to nineteen food, nineteen textile, and three chemical companies. In this reporting period, TFP selected ten companies for the program, with an eventual goal of fifteen participating companies by the end of January. During the current reporting period, the program conducted three energy audits, with final audit reports to be finalized in January.

4. CAPACITY BUILDING ACTIVITIES CONDUCTED

This section summarizes results of capacity building activities under the different tasks described in the previous sections under Results 1 and 2. During this reporting period, TFP conducted six events for a total of 292 participants (114 female and 178 male), in addition to two training programs for 13 participants participating in two trade shows as shown in table 4 below.

The total number of participants who attended the eight capacity building activities during this reporting period is 305 participants. However, those 305 participants include some repeat participants since some attended more than one capacity building activity during the same reporting period. Therefore, a database filtration indicated a total of 237 non-repeated participants who took part in TFP capacity building activities during this reporting period.

Participants in TFP capacity building activities during this reporting period are mainly from the private sector small and medium enterprises. However, some representatives from the following partner organizations also attended the capacity building activities during this reporting period: Engineering Export Council, Food Export Council, Home Textile Export Council, Food Safety Unit, and the Industrial Council for Technology. In addition other public sector representatives attended such as the advisor to the Minister of Trade and Industry, Chairman of the Industry Development Agencies (IDA), representatives of the Trademark Office and Patent Office, and a number of law professors and students from Egyptian universities.

**Table 4: TFP Capacity Building Activities,
July – December 2014**

| Events | Participants | #Male | #Female | % Female Participation | Dates |
|---------------------------------------|---------------------|--------------|----------------|-------------------------------|---------------|
| EDP Launch Event | 93 | 56 | 37 | 40% | Sep. 15 |
| Salesmanship & Trade Show Preparation | 10 | 2 | 8 | 80% | Oct. 14 |
| IPR Launch Event | 117 | 67 | 50 | 43% | Oct. 29 |
| Energy Efficiency | 58 | 43 | 15 | 26% | Nov. 2 |
| Trade Show Preparation | 7 | 5 | 2 | 28% | Dec. 8 |
| Trade Show Preparation | 7 | 5 | 2 | 28% | Dec. 17 |
| SUB-TOTAL | 292 | 178 | 114 | 39% | |
| Training Programs | Participants | #Male | #Female | % Female Participation | Dates |
| Hotel Show Dubai | 3 | 2 | 1 | 33.3% | Sept. 28 – 30 |
| SIAL Trade Show | 10 | 5 | 5 | 50% | October 19-23 |
| TOTAL | 305 | 185 | 120 | 39% | |

5. GENDER

Following the recommendations of two gender specialists who assisted TFP in producing its gender report, 30% female representation in trade-related activities has been seen as a reasonable benchmark for TFP to pursue given that business and export management positions in Egypt's trade sector are mostly male-dominated. Accordingly, in May 2013, TFP introduced a new indicator in its Performance Monitoring Plan (PMP) to report on the number of TFP capacity building activities where participation by women reached 30% or more. Tracking this indicator since its acceptance by USAID in May 2013 showed that TFP has met the 30% women participation benchmark and exceeded it in 64% of its activities in 2013, 57% of the activities conducted by TFP during the first 6 months of 2014, and 62% of the activities conducted during this reporting period.

Moreover, it is worth noting that the events that showed high representation by women during this reporting period were the: EDP Launch Event, Salesmanship & Trade Show Preparation training, IPR Launch Event, Hotel Show Dubai and SIAL Paris Trade Show. This interest on the part of women to attend TFP activities may indicate that women have a keen interest in participating in export-related activities.

The other gender indicator in the Project PMP counts the number of women-owned and managed SMEs that TFP supports. During the last reporting period, this indicator reported 12 women-owned and managed SMEs out of the 48 SMEs that received support from TFP. During this reporting period, the number of women-owned and/or managed SMEs participating in core TFP activities such as the EDP program dropped to seven SMEs. However, a drop did not occur in other "one-off" activities such as TFP training sessions, workshops and related trade show activities, in which women have been participating regularly over the past two years.

Extensive support to women-owned businesses will be provided by TFP in the upcoming reporting period in response to the request of Businesswomen of Egypt 21 (BWE 21) Association. Technical and financial assistance for up to eight BWE 21 women-owned food SMEs will take place during the upcoming reporting period for those women-owned SMEs to exhibit in the Efficient Collaborative Retail Marketing (ECRM) event in Orlando, Florida, in April 2015, with a subsequent trade mission to meet food buyers in the New York and New Jersey area.

6. DIRECT PROCUREMENT TO ACTIVITIES

During this reporting period, the project's direct procurement included services for printing 2,500 directories of company members of the Engineering Export Council, printing 3,000 Arabic copies of the updated revised IPR Practices and Principles book, and printed materials for trade show and SME consortium events. The project has procured, through December 2014, \$333,466.92 worth of equipment out of a total contract plug figure for procurement of \$500,000.

7. MEDIA COVERAGE

TFP promoted USAID involvement and activities to the media during this reporting period using various media products. Nine sources¹ covered the Energy Efficiency launch event, and twelve sources² covered the launch of *Intellectual Property Principles and Practices*. During this six-month period (July – December 2014), the project prepared and USAID approved the following media products:

Press Releases:

- *USAID Hosts Launch of Arabic Intellectual Property Textbook*
- *USAID Supports Industrial Energy Efficiency Programs in Egypt*

Activity Related Products:

- 2500 membership directories for the Engineering Export Council
- 2500 membership directories on CDs for the Engineering Export Council
- 1000 CDs of digitized membership directories for the Home Textile Export Council
- FTTC Website Improvements
- 3000 IPR books, edited and translated into Arabic, and 1000 copies in English
- Designed and printed materials for the HSGE consortium including, a catalogue, web banners, business cards, label cards
- 1000 SME Export Promotion flyers, designed and printed
- Pop-up banner for USAID/TFP Event Branding
- 8 banners for the IPR Book and the Energy Efficiency launch events

8. CONTRACTOR ASSESSMENT OF CURRENT STATUS

The USAID Egypt Mission exercised the option year extension to the TFP base period contract effective August 1, 2014. The option year expanded on the TFP Project's impressive list of achievements and results under the base period assisting private sector partners: mainly working with SMEs, export councils, and private sector firms focused on energy efficiency. From July to December 2014, TFP logged 901 person-days of LOE (including 626 days of Egyptian CCN LOE) spread over 14 STTA assignments. The Project hosted and coordinated three events and three trainings that included attendance by 26 SMEs in three Trade Shows overseas during the past six months.

Preparation for and participation in these Trade Shows has produced significant results for both the project and its private sector counterparts. The SMEs that TFP supported reported immediate sales orders amounting to \$3.161 million from the three shows during this reporting period. Moreover, the exhibiting firms reported projected

¹ Example: "USAID expands energy efficiency programme in Egypt"
<http://www.dailynewsegypt.com/2014/11/03/usaaid-expands-energy-efficiency-programme-egypt/>

² Example: <http://m.almasryalyoum.com/news/details/558071>

future sales of almost \$6.83 million from those shows. It should be noted that these figures do not include sales result from Trade Show attendance during previous reporting periods (see Table 2).

Immediately preceding this reporting period, Mr. Lindsey Wellons replaced Mr. John Varley as TFP Chief of Party and Mr. Amr Hegazy was appointed as the new TFP Deputy Chief of Party.

9. PERFORMANCE RESULTS AND INDICATORS

The PMP report is provided in a separate document to this semi-annual report.

10. FINANCIAL EXPENDITURES

*Table 5: Type and Amount of Expenditures
July – December 2014*

| Type of Expenditure | Amount of Expenditure (\$) |
|---|----------------------------|
| <i>Total estimated cost</i> | <i>\$10,870,663.03</i> |
| Cumulative expenditures to June 30, 2014 | \$7,119,137.16 |
| Expenditures from July 1 to December 31, 2014 | \$1,242,232.22 |
| Cumulative expenditures to date | \$8,361,369.38 |
| Remaining unexpended balance | \$2,509,293.65 |

As of the end of December 2014, TFP had spent approximately 77% of the total contract ceiling. At current spending rates the project will end December 31, 2014, with approximately \$2.5 million or 23% of the total contract ceiling unspent.