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# SEMI-ANNUAL PROGRESS REPORT: CONTRACTOR'S NARRATIVE

**Contract No: AID-263-C-11-00003**  
**January 1 – July 31, 2015**

July 2015

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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 Industry, Trade and Small and Medium Enterprises (MITSMEs). During the life of the project the name of the Ministry has changed from the Ministry of Trade and Industry, to the Ministry of Industry, Trade and Investment, and currently 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 eighth and final semi-annual report, covering the technical activities of the project during the seven months from January 1– July 31, 2015. Financial figures presented will be through May 31, 2015.

## 1.1 Important Developments during this Reporting Period

During the period from January 1 to July 31, 2015, the Trade Facilitation Project, or TFP, has implemented the bulk of its option year activities, which began with USAID's approval of TFP's option year from August 1, 2014 to July 31, 2015. Option year activities have largely focused on the private sector and SME export development and energy efficiency activities as detailed in this report. Additional activities have also supported selected GOE agencies, as well as business associations and NGOs, as described later in the report.

The goal of the option year has been 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.

Major option year activities have included launch events for the Export Development Program and for the Energy Efficiency Program, numerous export training and coaching events, 15 international trade shows and trade missions for SMEs supported by TFP, two large "Exporters' Souk Events", an IPR Book Launch Event, a final TFP Lessons Learned and Closing Event held in June 2015 and a presentation to USAID and the U.S. Embassy on the results of the 2015 Qualified Industrial Zones in Egypt report on opportunities for export diversification.

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 under each result, including two tasks that were added to the contract by Mod 1. Results and tasks include:

### **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 could direct the contractor to substitute other actual tasks in support of the desired result as the Mission deemed appropriate.

## **2.1 Wind Up Plan**

A major development that impacted the original tasks and partners of TFP was USAID’s instruction to NAI to prepare a Wind Up Plan after the Morsi-led government was removed from office on July 3, 2013. In October, 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 the Option Year, 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. 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***

Per the Wind Up Plan, no activities supporting this task took place during the reporting period.

##### ***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.

- Cairo, *Exporters' Souk Event: Connecting to Export Resources*, March 30, 2015
- Alexandria, *Exporters' Souk Event: Connecting to Export Resources*, April 1, 2015
- TFP Closing and Lessons Learned Event

Production and distribution of various media products including:

- Printing 2,000 Arabic language copies of a new edition of the book, *Intellectual Property Rights: Principles and Practice*

- Printing 1,000 English language copies of the book, *Intellectual Property Rights: Principles and Practice*
- 2 roll up posters for the NY Now tradeshow
- 3 press releases for NY NOW tradeshow, Souk for Exporters, and the TFP Closing events.
- 14 event banners for the Souk and Closing events
- 2 promo videos for the Souk event
- 1,300 TFP folders printed for the TFP events.
- 2 success stories for the Energy Efficiency and the EDP programs to be uploaded onto the USAID Egypt social media sites.
- Designed, copyedited, and printed 2,000 copies of the Egyptian National Competitiveness Council (ENCC) Annual Report
- 5 banners, 1000 folders, 60 USB flash disks, 500 block notes, one up & back drop banner for the ENCC annual conference, and 150 name tags.
- 1 video for the TFP closing event
- 1 advertisement placed twice in newspapers for the Souk event
- Designed and printed 1,000 QIZ brochures

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

### ***TFP's "Exporters' Souk Events"***

TFP organized and held two events entitled "*Exporters' Souk: Connecting to Export Resources,*" which were the largest and among the most innovative events held by the Project in this and previous reporting periods. One Souk Event was held in Cairo, on March 30, 2015, and another in Alexandria on April 1, 2015. Both events were free and open to both SMEs and the broader Egyptian exporting community in Greater Cairo and Greater Alexandria.

The purpose of the Exporters' Souks was to help Egyptian exporters expand sales by providing an opportunity for them to meet providers of key export services in Egypt in a "business forum" or "souk" format, through networking, data-collection and awareness-raising about key resources available to them to help expand export sales.

The Souk event in Cairo hosted 53 service providers and was visited by 429 visitors; 27% female and 73% male, while the Souk event in Alexandria hosted 49 service providers and was visited by 235 visitors; 22% female and 78% male.

Over 700 visitors and export service providers attended the two events in total, a high turnout indicating strong demand for this kind of event. In light of the positive results, USAID/Egypt may find it worthwhile to consider holding additional "Exporters' Souks" on an annual basis in the future as part of TFP's legacy, with potential follow-on projects and partner organizations. Exporters' Souk results and recommendations for organizing possible future events, based on TFP Questionnaires completed by Souk participants are presented in a separate "*Report on the TFP Exporters' Souk Events: Monitoring and Evaluation Results.*"

## ***TFP Closing and Lessons Learned Event***

The objective of TFP's Lessons Learned and Closing Event, held June 3, 2015, was to review the major activities, results and lessons learned from technical assistance activities over TFP's past four years before its scheduled close-out on July 31, 2015.

Participants included both public and private sector organizations that partnered with TFP, including GOE trade-related agencies, small and medium enterprises (SMEs) in TFP's Export Development Program, and private sector manufacturers in TFP's Energy Efficiency Program. The Event included Welcoming Remarks by USAID/ Egypt Mission Director, Sherry F. Carlin, and a Keynote Address by El Saeed Ibrahim Ghozal, Undersecretary and Head of Investment Policies and International Agreements, Industrial Development Authority, Ministry of Industry, Trade and SMEs.

TFP activities and achievements over the past four years were summarized and discussed, including the Project's early efforts working with GOE agencies on trade-related policies, and its more recent focus assisting more than 100 private sector SMEs in export development and energy efficiency improvements. Results discussed in export development support included trade-show related training, coaching and participation support. More than \$17 million in export sales were realized from 2013-15 by SMEs and an additional \$52 million in projected sales from more than 20 trade shows and missions with USAID/TFP support in the U.S., the Middle East/Africa, Asia and Europe. Additionally, participating SMEs demonstrated an improved strategic outlook and increased "cluster-like" behavior; for example, TFP-supported SMEs have begun to work together as a group or "consortium" to improve their export competitiveness. And the energy efficiency program support has included training, conducting energy and water consumption audits, and recommending energy efficiency improvements that have resulted in significant production cost savings.

For a summary of quantitative results of all TFP events this reporting period, including the number of attendees in total and by gender, see Table 4. TFP Capacity Building Activities, January – July 2015.

### ***Additional Innovative Export Development Support***

TFP was also able to assist and secure the agreement of companies to sign Consortium Agreements to establish the following two SME Export Consortia;

- **Hospitality Suppliers Group Egypt (HSG Egypt Consortium)**

In March 2015, four home textiles / hospitality companies, after considerable support from TFP on consortium development, signed a Consortium Agreement. The companies included: Bed Janssen, Hadhoudtex, Al Sharq, and Artistico. The companies aim at working together to enter the Saudi Arabian market and other countries in the Gulf Cooperation Council, under the umbrella of HSGEgypt, the new consortium, offering complementary products to hotel/hospitality markets.

- **Egyptian Auto Parts Manufacturers Group (EAPMG Consortium)**

TFP support initially included intense training/briefings on consortia development issues. Interested companies were invited to a debriefing meeting at the Engineering

Export Council in May. Representatives of five companies attended together with TFP consultants and Ms. Haide Hashish from the UNIDO Consortia Office. Five companies signed the Consortium Agreement of cooperation, forming the Egyptian Auto Parts Manufacturers Group (EAPMG) consortium. The five companies were FAW, German Batteries, United Batteries, El Zaghal, and AFICO Filters

TFP has asked UNIDO to offer technical assistance to the consortium after the closing of TFP, and to help the consortium develop their business plan, which UNIDO has agreed to do as part of the follow-on consortium development following the TFP Project.

***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 was disseminated in this reporting period, and 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 has supported two units within the Ministry of Industry Trade and SMEs: 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 GSP Unit except procurement of IT equipment, which was completed in June 2014.

For the Option Year, USAID approved selected assistance to the QIZ Unit. During this reporting period, TFP provided support in three areas: training of 12 QIZ technical staff on export-related topics, conducted by the Foreign Trade Training Center (FTTC); IT/software procurement; and, trade show attendance by RMG (ready-made garment) SMEs in the QIZ Program at the RMG Magic Trade Show in the US in February 2015, following TFP training for participating SMEs. In addition, TFP also provided support during the Show for the 10<sup>th</sup> Anniversary Event of the QIZ Program.

Finally, during this reporting period, TFP provided consultants to update a TFP QIZ report conducted in 2012, at the request of the US Embassy in Cairo. The focus of the update was to identify and analyze prospects for the QIZ Program to diversify into

new sectors such as processed foods and leather and footwear products, as the ready-made garments sector continues to account for over 95% of all QIZ Program exports to the U.S. The report was presented to the USAID Mission Director, Deputy Mission Director and to officials in the U.S. Embassy, including the Deputy Chief of Mission and the Economic Counselor on July 8, 2015. USAID also asked Nathan Associates to brief officials in Washington on the results of the report in late July.

,USAID instructed TFP under the Wind Up Plan to stop all support in late 2013 because the GSP program expired on July 31, 2013.. Although, President Obama signed the law renewing the GSP program on June 29, 2015, this was too late in the life of the project for TFP to take up activities again with the GSP Unit.

### ***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.

Beginning in August 2014, at the start of the Option Year, 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. Moreover, TFP partnered with the Business Women of Egypt 21 (BWE 21) Association on a B2B trade mission to New York/New Jersey and the Efficient Collaborative Retail Marketing (ECRM) event in Orlando, Florida. Task 9, aimed at supporting SME exporters, 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 out of 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 – double the number under the pilot – in the home textile, processed food and metal form sectors. As well, EDP provides trade show support to the Ready Made Garments (RMG) Export Council, trade mission support to BWE 21, and capacity building and public awareness training to all four supported Export

Councils. Furthermore, TFP provided technical assistance and trade show/trade mission support two SME exporters' consortia; one for the hospitality sector, and the other for automotive components.

As under the pilot program, USAID / TFP provided cost share support, generally covering an air ticket, partial trade show booth cost, and technical assistance to help SMEs attend and benefit from exhibiting at trade shows.

During this reporting period, TFP supported SMEs to attend the following trade shows and trade missions (export sales results are presented in Table 1 later in this section) and a list of the shows, location, show date and the sector represented at the trade shows are listed below, followed by a brief paragraph about each trade show or mission.

Show Name and Location	Month	Sector Represented
1. Heimtextil Show in Germany	January 2015	Home Textiles
2. NY NOW Show in USA	February 2015	Metal Form Products
3. Gulfood Show in Dubai	February 2015	Processed Foods
4. MAGIC Show in USA	February 2015	Ready Made Garments
5. Egypt World in Uganda	March 2015	Food, Home Textiles, RMG and Metal Form
6. Trade Mission to Kenya	March 2015	Auto Parts Consortium
7. Trade Mission to New York, New Jersey and ECRM Florida	April 2015	Women-owned Processed Foods Companies
8. European Coating Show in Germany	April 2015	Paint & Sealer Containers
9. Auto Expo Africa Show in Kenya	April 2015	Auto Parts
10. ZARA Home Trade Mission to Spain	May 2015	Home Textiles
11. Food Africa Show in Egypt	May 2015	Processed Foods
12. Index Dubai Show	May 2015	Home Textiles, Hospitality

The Heimtextil Trade Show in Frankfurt, Germany was attended by six home textile SMEs. TFP provided two export consultants, Louis Ragy and Basma Kandil, to coach the SMEs during the Show. Furthermore, the SMEs had TFP trade show preparation training and coaching before the Show.

Six metal form SMEs, members of the Egyptian Engineering Export Council, exhibited at the NY NOW Show in New York City for the first time. TFP sent EDP consultants, Dina Abdelaziz and Herb Williamson, to coach the SMEs during the Show. Moreover, TFP provided trade show preparation training and coaching before the Show.

TFP supported 15 SMEs to exhibit at the Gulfood Dubai Trade Show. Seven of the SMEs were participating in EDP and the remaining eight were referred to TFP by the Food Export Council and subsequently offered trade show support by TFP in an effort to assist as many SMEs as possible to benefit from this Show.

Thirteen SME members of the Ready Made Garments Export Council exhibited at the MAGIC Trade Show in Las Vegas, Nevada, with TFP support. EDP consultant, Dina Abdelaziz, offered trade show preparation training before the Show, and coached the companies during the Show. Participating RMG SMEs exporting to the U.S. under the QIZ Program also participated in the program's Tenth Anniversary Event, which TFP supported.

In cooperation with ExpoLink, an export promotion NGO, TFP supported 14 SMEs to exhibit in ExpoLink's first Egypt World Trade Show in Kampala, Uganda. For many of the SMEs it was their first time to exhibit in a sub-Saharan Africa trade show. Six processed food, four home textile, one ready-made garment, and three metal form SMEs exhibited at the Show. No EDP consultants traveled to Kampala as this was an ExpoLink-led activity.

A part of TFP's support to the nascent Egyptian Auto Parts Manufacturers Group (EAPMG), EDP consultant Rania Habib, and two EAPMG companies – graduates of the 2013-2104 TFP pilot – traveled to Kenya in March with TFP support to investigate the market for auto parts and meet with potential buyers. This Trade Mission laid the groundwork for the successful participation of EAPMG member companies later in April at the Auto Expo Africa Trade Show in Nairobi.

Five Business Women Egypt 21 (BWE 21) Association food SMEs and one SME member of the Food Export Council traveled to New York, New Jersey and Florida to participate in numerous B2B meetings with TFP's support. The highlight for most of the companies was the Efficient Collaborative Retail Marketing (ECRM) event in Orlando where each SME had pre-arranged meetings with up to 40 potential buyers. EDP consultant Louis Ragy coached the SMEs in all three locations. Jeannette Paulino, Nathan Associates/USA, supported the New York/New Jersey activity.

With the support of TFP, one EDP metal form SME, EUROPACK, a producer of paint and sealer containers, exhibited for the first time at the European Coating Show in Nuremburg, Germany. TFP did not send an EDP consultant to support this activity as only one SME exhibited.

TFP supported the five EAPMG SME member companies to exhibit in April at the Auto Expo Africa Show. Auto Expo Africa was the first show where the consortium members exhibited as a group. All five SMEs had sales due in large part to the EDP Trade Mission that had been conducted prior to the Show. EDP consultant Rania Habib coached the SMEs during the Show.

TFP supported four home textile SMEs to meet with buyers at the ZARA Home global headquarters in La Coruna, Spain twice during this reporting period in March and May 2015.. The first trip was a product development and presentation to buyers and there was another meeting in May at the request of ZARA buyers after specific samples was made at ZARA's request. The next step will be ZARA factory inspections in Egypt in August/September for compliance with EU regulations. SMEs

are anticipated to be placed in October of this year. Consultant Louis Ragy accompanied the SME representatives on these visits.

The Food Africa Trade Show was held in Cairo in May and TFP supported SMEs by assisting twelve food companies to exhibit. The Show was considered a success in attracting hundreds of exhibitors and buyers, as this was the first time it has been held.

TFP supported five home textiles and three metal form EDP SMEs that had not attended a trade show previously in the Option Year to attend the Index Dubai Trade Show. Two exhibited and the rest walked the Show to get market trends, pricing, and other information and visited retailers in Dubai as a learning experience because they were unable to get accepted to exhibit on short notice. EDP consultants, Basma Kandil and Dina Abdelaziz coached the SMEs during their Index Dubai visit.

To effectively monitor and evaluate performance, TFP systematically surveyed, debriefed, and followed-up with the SMEs soon after returning from trade shows to capture lessons-learned, actual and expected sales, and other feedback (detailed in separate TFP Assignment Reports for each Trade Show).

### ***Export Readiness Training and Coaching***

During this reporting period, TFP worked with SMEs to build their capacity to export by offering workshops and coaching, and cost-shared participation in industry-specific trade shows and trade missions. TFP conducted 11 export training and 10 coaching programs on the following topics:

#### **Training Courses**

1. Market Research
2. Trade Information Analysis
3. E-commerce, IT Tools for Marketing and Website Design
4. Awareness of the Importance of International Certificates and Requirements
5. Design/Trends/Color Review for Home Textiles
6. Salesmanship and Client Relations
7. Multi-cultural Marketing and Presentation Skills
8. Trade Show Preparation
9. Developing an Export Plan
10. Government of Egypt Export Procedures
11. Basic Export Training at the Foreign Trade Training Center (10 days)

#### **Coaching**

1. Basic of Branding and Campaign Development
2. Business Networking and Client Rapport
3. Export Pricing
4. Design/Trends/Color Review for Home Textiles
5. Export Market Plan Development
6. Packaging, Labeling, including Design and Technical Specifications
7. Negotiation and Contracting

8. Product Line Expansion/Diversification Planning
9. Consortium Strengthening and Development (consortia members only)
10. Trade Show Preparation

Each EDP SME selected the training and coaching they wanted from a menu covering the above export topics. The Foreign Trade Training Center's 10- day Basic Export Training was not an elective – i.e., all 38 SMEs were expected to attend. Further, while the SMEs could elect to take all the training courses, they were limited to selecting up to five coaching topics to ensure that TFP could deliver the requested coaching with the resources and staff available. In addition to export training and coaching, TFP offered the 38 EDP SMEs editorial review and recommendations of their English language promotional materials and websites in an effort to strengthen their products' image and demand among potential foreign buyers.

***Exporters' Souk Event: Connecting with Export Resources, Cairo (March 30) and Alexandria (April 1)***

TFP organized and implemented the Exporters' Souk in Cairo and Alexandria on March 30 and April 1, respectively. The purpose of the Souk was to link exporters with financial and non-financial export service providers. The exporters could also listen to speakers presenting on export topics of importance – e.g. export market opportunities in Africa and Latin America, logistics, leasing, factoring, protecting their brand abroad, digital marketing, e-commerce, and packaging – when not meeting with the more than fifty export service providers exhibiting at the Event. Over four hundred exporters attended the Souk in Cairo and over three hundred came to the Souk in Alexandria. Responses to the questionnaire on the events were very favorable.

***Egyptian Auto Parts Manufacturers Group (EAPMG) and the Auto Expo Africa Trade Show, Nairobi, Kenya, April 2015***

TFP provided trade show assistance to the five auto part SMEs exhibiting at Auto Expo Africa in Kenya. The five SMEs were part of the newly established Egyptian Auto Parts Manufacturers Group and consisted of brake pads, car and motorcycle batteries, lights, and filters manufacturers. One month prior to exhibiting at the Show, TFP consultant, Rania Habib, and two EAPMG member companies conducted in-country market research on the Kenya market. Their reconnaissance mission paid off at the Show as all five companies made sales. The five EAPMG companies signed a consortium agreement during a meeting in the Egyptian Engineering Export Council in May. During the same meeting, UNIDO Export Consortia Initiative Representative, Haidy Hashish, committed to provide the group with technical assistance after the close of TFP.

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

TFP organized and supported six women-owned food companies – five BWE 21 Association members and one Food Export Council member – to participate in B2B

meetings in New York City, New Jersey and Orlando, Florida in April 2015. The New York/New Jersey meetings were fewer than initially planned but twenty meetings were held with importers and resulting in a , a good warm-up to the many buyer meetings that took place over four days in Orlando where each SME met with over 40 US importers and retailers. TFP trained and coached the SMEs before, during and after the meetings to ensure proper preparation and follow up. As a result, several new buyers expressed interest in working with the processed food SMEs and importing their food products from Egypt.

### ***ZARA Home Trade Mission May 2015***

In May 2015, a third trade mission was organized by TFP to the Zara Home corporate headquarters in La Coruna, Spain. The mission included four textiles SMES which showcased their especially prepared collections of towels, bedding, rugs and textiles accessories to the buyers. As a result of the trade mission, the Zara buyers asked the SMEs for specific samples to be prepared for possible inclusion in their Spring 2016 collection. In addition, the SMES visited the Zara Home stores and reviewed their product displays, packaging, styling, and pricing structures in order to better understand the “ZARA Way”.

### ***Trade Show Results***

During this reporting period, TFP provided assistance to 92 SMEs in the metal form, ready-made garment, food and home textile sectors to attend a combined total of twelve trade shows or trade missions in the USA, Europe, Africa, Egypt and the Gulf. For some SMEs this was their first time participating in a trade show in these new markets, such as in sub-Saharan Africa, and for a few it was their first time at any trade show. During the period, SMEs assisted by TFP at these trade shows and missions resulted in initial orders of over \$8.6 million and projected sales of over \$29 million, based on questionnaires completed by participating SMEs.

The following table provides export sales results at trade shows and trade missions for SMEs supported by TFP during this reporting period.

**Table 1: Export Sales Results of SMEs Participating in Trade Shows & Trade Missions with USAID/TFP Assistance, January 1 to July 31, 2015**

<b>Export Sales Results of SMEs Participating in Trade Shows and Missions with USAID / TFP Assistance</b>			
<b>January – July, 2015 (USD)</b>			
<b>Trade Show or Mission Attended</b>	<b>No. of SMEs</b>	<b>Initial Orders / Sales</b>	<b>Projected Orders / Sales</b>
<b>1) Heimtextil, Frankfurt (HTEC) January, 2015</b>	6	\$ 800,000	\$ 1,870,000
<b>2) NY Now, New York, Metal works household goods (EEEC), January, 2015</b>	6	\$ 60,000	\$ 3,600,000
<b>3) Gulfood Show, Dubai (FEC) February, 2015</b>	15	\$ 2,715,000	\$ 9,600,000
<b>4) RMG Magic Show, February, 2015</b>	13	\$ 5,025,000	\$ 11,800,000
<b>5) Egypt World Trade Show, March 2015</b>	14	-	-
<b>6) Trade Mission to Kenya, April 2015</b>	2	-	-
<b>7) NY/NJ and ECRM Trade Mission, Apr '15</b>	6	-	-
<b>8) European Coating Show, April 2015</b>	1	-	\$45,000
<b>9) Auto Expo Kenya, April 2015</b>	5	\$ 55,000	2,190,000
<b>10) Zara Home, May 15</b>	4	-	-
<b>11) Food Africa Trade Show, May 2015</b>	12	-	-
<b>12) Index Dubai, May 2015</b>	8	-	-
<b>Total, Jan. - July 2015</b>	92	\$ 8,655,000	\$ 29,105,000
<b>Source: TFP Monitoring &amp; Evaluation Questionnaires completed by participating SMEs during and after each Trade Show.</b>			

## ***Disseminating TFP's Export Information after the Project Closes***

In order to encourage the dissemination and use of TFP's technical information for exporters after the project ends, TFP has 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). Under these, TFP will transfer its export training materials and curriculums to each of its Export Council partners for them to make available to all of their exporting member companies. In addition, these training materials will also be hosted by Microsoft Egypt, on their enterprise-oriented website, Ta3mal, as part of the legacy of TFP.

These TFP training materials include, for example, an *Export Toolkit* developed during the project covering important topics that prospective and active Egyptian exporters should know. The Toolkit is intended to be a "living" document that will be distributed to and maintained by the Export Councils following the close of TFP.

Moreover, other activities that TFP developed during this reporting period have been its "Exporters' Souk Events", held in Cairo and in Alexandria that have brought together hundreds of exporters with dozens of export service providers in order to help SMEs connect with resources after TFP closes. A directory of export service providers of both financial and non-financial services that participated in each of TFP "Exporters' Souk Events" will be included in TFP's Export Toolkit and made available on websites of partner Export Councils and of Microsoft Egypt. Additionally, TFP's separate Report on the Souk Events provides recommendations and lessons learned on how to best organize similar Souk Events in the future as potential annual event to be organized by others after TFP closes.

### ***Activities with Additional Partner Organizations***

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

#### ***Foreign Trade Training Center (FTTC)***

In response to FTTC's request for technical assistance to help it expand enrollment and improve its financial situation, USAID/TFP arranged for an Egyptian and an international consultant to conduct research from January through March 2015 and draft a report to provide recommendations on improving its financial and functional performance. TFP conducted a SWOT (strengths, weaknesses, opportunities and threats) assessment and a financial analysis of FTTC's recent operational years. On the basis of that assessment and research, TFP made recommendations to help FTTC increase income and diversify sources of income while better serving the businesses and government community so vital to Egypt's economy. The goal of the short- and long-term recommendations was to help FTTC improve its performance and financial situation.

In addition, TFP also provided support in the following areas: improvements to FTTC's website and E-Learning training system; procurement of 15 laptop computers and projectors for its Mobile Training program to expand its geographic reach;

training of FTTC trainers on branding and IPR issues; and the opportunity for FTTC to exhibit at TFP's Exporter Souk Events as an export service provider, which it used to find new clients and partners.

#### ***Egyptian National Competitiveness Council (ENCC)***

At ENCC's request, USAID/ TFP assisted the ENCC by arranging for two consultants provided by NAI sub-contractor World Environment Center (WEC) to each write a section of the ENCC's 2015 Annual Report, which was to be organized around the theme of improving energy efficiency in Egypt. The two sections contributed by TFP focused on best practices and case studies of energy governance in the MENA region. They also addressed how the private sector can implement improvements in energy efficiency and benefit from them by improving cost competitiveness, both of which are directly related to TFP goals and activities.

TFP also contributed to costs of designing and printing 2,000 copies of the ENCC report for distribution among energy professionals in Egypt and elsewhere. Finally, it supported the ENCC Annual Conference event held in June 2015 by covering the cost of folders, banners and related conference materials.

### **3.2 Result 2—Domestic Market Strengthened**

#### ***Task 1: Promote the Distribution/Retail Sectors***

As part of the USAID-approved Wind Up Plan, the mission instructed TFP in late 2013 not to initiate activities with GOE under this task.

#### ***Task 2: Overcome Deceptive Advertisement***

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) to develop its web portal through procurement of a third-party vendor for design, and translation support.

During this reporting period TFP arranged for Dr. Hussain Mansour, the head of the Food Safety Management Unit to announce the launch of the TFP-supported Food Safety web portal. This was announced and the website was demonstrated and described during a session at TFP's Lessons Learned and Closing Event on June 3, 2015.

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

During the previous reporting period, TFP held a Launch Event for its updated IPR book *Intellectual Property Principles and Practice* at which 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.

Following the Launch Event, TFP received numerous requests for copies of the book by phone, direct contact with TFP and through the USAID/Egypt Facebook page.

During this reporting period, based on requests received for copies of the book, TFP completed the printing and distribution of 1,000 English language copies of the IPR book and an additional 2,000 Arabic language copies of the book.

The books have been distributed to lawyers, university professors, SMEs, media, IPR offices, instructors of FTTC and others in the IPR professional community that have expressed an interest in receiving copies of the book.

#### ***Task 5: Improve Environmentally Sustainable Production***

TFP launched the second phase of its Energy Efficiency Program (EEP) on November 2<sup>nd</sup>, 2014, which continued through this reporting period. The program has aimed at helping SMEs to run their production facilities in a more energy efficient manner. The target sectors for the program were mainly the processed food and textile sectors.

During this reporting period, the EEP assisted 16 companies in these sectors to better understand their energy use patterns, to analyze their energy consumption, to calculate their specific energy consumption (SEC), and track and monitor their energy efficiency improvements. Furthermore, the project helped SMEs learn how to calculate the carbon footprint associated with their energy use.

In addition to reports analyzing their energy use the companies received coaching visits from the EEP team to follow-up on any obstacles facing the implementation of the recommendations mentioned in their report.

Two training rounds were held for the participating companies. The purpose of the training was to illustrate the importance of energy efficiency and how to achieve optimum efficiency for energy. Optimizing several components was also discussed, such as boilers, compressors, chillers, and electric consumption.

Energy audits were started for 20 companies, of which four (mainly in the chemicals sector) decided to phase out of the program, either because they did not provide sufficient data to prepare their reports, or they were not interested in continuing. The 16 remaining companies continued with and completed the program, received training on sustaining energy savings, and have been provided with recommendations on how to continue to improve their energy efficiency following the completion of the TFP project.

#### **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 15 training activities (12 off-shore trade shows/missions and three in-country training programs/events) for a total of 151 participants (114 male and 37 female). In addition, TFP conducted another 20 capacity building training sessions for 898 participants (630 male and 268 female), (see Table 4, below).

The total number who participated in these two categories of capacity building activities during this reporting period reached a total of 1,049 participants (744 male and 305 female). However, those 1,049 participants include some repeat participants since a number of people attended more than one capacity building activity during the same reporting period. A database filtration indicates that a total of 879 non-repeated participants 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 capacity building activities during this reporting period: Engineering Export Council, Food Export Council, Home Textile Export Council, RMG Export Council, the Food Safety Unit, and the Industrial Council for Technology. In addition other public sector representatives attended from various agencies under the Minister of Industry, Trade and SMEs such as the QIZ Unit and the FTTC, from the Industrial Development Authority, the Egyptian Expo and Convention Authority (EECA), the Trademark Office and Patent Office, and from business associations such as the ABA as well as professors from Egyptian universities.

**Table 2: TFP Capacity Building Activities,  
January – July 2015**

TFP Training Sessions and Events January – July 2015						
No.	Training Events	Participants	No. Male	No. Female	% Female Participati on	Dates
1	Trade Show Preparation	17	8	9	53%	January 5, 2015
2	Energy Efficiency Training for SMEs	27	20	7	26%	January 12 & 13, 2015
3	Market Research and Trade Data Analysis (Part 1)	18	11	7	39%	January 22, 2015
4	Trade Show Preparation (Magic Show)	11	9	2	18%	January 26, 2015
5	Multi-Cultural Marketing and Presentation Skills	5	2	3	60%	January 27, 2015
6	Market Research and Trade Data Analysis (Part 2)	21	13	8	38%	February 23, 2015
7	Salesmanship, and Egyptian Export Procedures Training	9	4	5	56%	February 24, 2015
8	Developing an Export Plan Training	20	11	9	45%	February 26, 2015
9	FDA Regulations for BWE-21	6	0	6	100%	March 5, 2015
10	E-Commerce, IT Tool for Marketing and Website Design Training	12	10	2	17%	March 9, 2015
11	Food Export to US	9	1	8	89%	March 14, 2015
12	Export Basic Course BS2 (Week 1)	9	9	0	0 %	March 15-26, 2015
13	Trade Fair Preparation & Client Relations	8	0	8	100%	March 16, 2015
14	Tour of GOEIC & Custom Facility	5	5	0	0 %	March 16, 2015
15	FDA Regulation Training	6	2	4	67%	March 19, 2015
16	Training of Trainers to FTTC	6	1	5	83%	March 26, 2015
17	Souk Event (Cairo)	416	305	111	27%	March 30, 2015
18	Souk Event (Alex)	231	181	50	22%	April 1, 2015
19	Basic Export Course for SMEs	22	14	8	36%	April 20-30, 2015
20	Design, Trends and Color Review from Home Textiles	4	3	1	25%	May 27, 2015
21	Energy Efficiency Training	14	13	1	7 %	May 31, 2015
22	Importance of International Certifications	10	5	5	50%	June 1, 2015
23	TFP Lessons Learned and Closing Event	70	46	24	34 %	June 3, 2015
	<b>Sub-Total</b>	<b>956</b>	<b>673</b>	<b>283</b>	<b>30%</b>	

Training at TFP Trade Shows and Missions						
January – July, 2015						
No.	Trade Shows & Missions Attended	No. SMEs	No. Male	No. Female	% Female Participation	Dates
24	Heimtextil, Frankfurt (HTEC)	6	6	0	0%	January 2015
25	NY Now, New York, Metal works household goods (EEEEC)	6	3	3	50%	January 2015
26	Gulfood Show, Dubai (FEC)	15	12	3	20%	February 2015
27	RMG Magic Show	13	12	1	8%	February 2015
28	Egypt World Trade Show	14	11	3	21%	March 2015
29	Trade Mission to Kenya	2	2	0	0%	April 2015
30	NY/NJ and ECRM Trade Mission	6	0	6	100%	April 2015
31	European Coating Show	1	1	0	0%	April 2015
32	Auto Expo Kenya	5	5	0	0%	April 2015
33	Zara Home	4	2	2	50%	May 2015
34	Food Africa Trade Show	13	10	3	23%	May 2015
35	Index Dubai	8	7	1	12%	May 2015
	<b>Sub-Total</b>	<b>93</b>	<b>71</b>	<b>22</b>	<b>24%</b>	
	<b>Total</b>	<b>1,049</b>	<b>744</b>	<b>305</b>	<b>29%</b>	

## 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 shows that TFP has met the 30% women participation benchmark and exceeded it in 64% of its activities in 2013, 59% of its activities in 2014, and 48% of its activities during the first 6 months of 2015.

It is worth noting that TFP capacity building activities (training courses or mentoring programs) showing high representation by women during this reporting period were numerous, including: Trade Show Preparation & Customer Relations, Market Research & Trade Data Analysis, Multi-Cultural Marketing & Presentation Skills, Egyptian Export Procedures, Developing an Export Plan, FDA Regulations, Food Export to US, Training of Trainers on IPR, Basic Export Course for SMEs and Importance of International Certifications. In addition, high representation by women was also demonstrated in three trade shows supported by TFP during this reporting period, one of which was dedicated to assisting the Egyptian Business Women – 21 Association.

The other gender indicator in the Project PMP counts the number of women-owned and managed SMEs that TFP supports. In 2014, TFP assisted a total of 19 women-owned and managed SMEs in the sectors of Home Textile, RMG and Metal Work. During the first 6 months in 2015, TFP assisted a total of 14 women-owned and managed SMEs. The number of women-owned and/or managed SMEs participating in core TFP activities such as the EDP program is seven SMEs in addition to another seven women-owned/managed SMEs who participated in other TFP activities. These included the Zara Trade Mission to Spain (two women owned/managed SMEs participated), and the Businesswomen of Egypt 21 trade mission to NY/NJ and Florida, where six women owned/managed SMEs received TFP technical and financial assistance to meet food buyers in the New York and New Jersey area and subsequently to exhibit in the Efficient Collaborative Retail Marketing (ECRM) event in Orlando, Florida, in April 2015.

## **6. DIRECT PROCUREMENT TO ACTIVITIES**

During this reporting period, for the Foreign Trade Training Center (FTTC) the project directly procured 15 laptops and 2 projectors for their Mobile Training Labs, a customized e-learning system, support for their new website and for developing a software module for sending their trainees' data to GOEIC. For the QIZ Unit, TFP procured the development of a new online system that will allow companies in the QIZ Program to register and fill in import and export data directly online. This will help the QIZ Unit to generate accurate reports and analysis of QIZ program exports.

Also, TFP procured services for printing 3,000 Arabic language copies and 1,000 English language copies of the updated revised *Intellectual Property Rights Practices and Principles* book by Judy Goans, and for printing materials for trade shows, SME consortium events, for the ENCC Annual Report and Event, for TFP's Exporter Souk Events and for the TFP Lessons Learned and Closing Event. The project has procured, through May 30, 2015, \$350,390.23 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. Thirty-three sources covered the Exporters' Souk Events, and twenty sources covered the launch of TFP's IPR book, *Intellectual Property Principles and Practices*. During this seven-month period the project prepared and USAID approved the following media products:

Press Releases:

- U.S.-supported "Exporters' Souk Event: Connecting Exporters with Export Services"
- Egyptian Companies' Export Revenues Rise by \$17 Million through U.S. Economic Development

In addition, the project wrote two success stories for USAID on two events during the reporting period. These stories have not yet been approved by USAID but it is expected they will be approved in late July for publication.

## **8. CONTRACTOR ASSESSMENT OF CURRENT STATUS**

This reporting period covers the final months of TFP's option year, which USAID Egypt exercised from August 1, 2014 to July 31, 2015, following the TFP base period. Option year activities in this reporting period have largely focused on the private sector and SME export development and energy efficiency activities as detailed in this report. In addition to TFP's main Export Development Program, innovative export activities have included support for export consortia (in the hospitality and auto parts sectors), for new business development (identifying and visiting major buyers including Zara Home in Spain) and organizing and hosting the first "Exporters' Souk Event" to be held in Cairo and in Alexandria to connect SME exporters with export service providers. Additional TFP activities have also supported selected GOE agencies, including the QIZ Unit, the Foreign Trade Training Center and the Food Safety Unit as well as business associations such as the Business Women of Egypt – 21 Association and NGOs including the Egyptian National Competitiveness Council.

From January 1 to May 31, 2015, TFP logged 866 person-days of LOE (including 696 days of Egyptian CCN LOE) spread over 18 STTA assignments. During the past seven months TFP supported SMEs to participate in 12 international trade shows and trade missions, organized 3 other Events in Cairo, and conducted 20 SME training sessions. Together, these were attended by 1,049 participants during this reporting period.

During this reporting period, strong results have been achieved in both TFP's export development and energy efficiency programs. Export development results include TFP support to over 100 SMEs in the two programs, support at 12 international trade shows and trade missions, and export sales at them of over \$8.6 million. Moreover, exhibiting firms reported projected future sales of just over \$29 million from those shows (see Table 2). It should be noted that these figures do not include sales result from Trade Show attendance during previous reporting periods. Energy efficiency results include total savings in electricity for the SMEs on average that were equivalent to 9% of initial consumption; in natural gas that were equivalent to 16%; and in diesel equivalent to nearly 15% of initial consumption

## **9. PERFORMANCE RESULTS AND INDICATORS**

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

## 10. FINANCIAL EXPENDITURES

*Table 3: Type and Amount of Expenditures, January – May, 2015*

Type of Expenditure	Amount of Expenditure (US\$)
<i>Total estimated cost</i>	<i>\$10,870,663.03</i>
Cumulative expenditures to December 31, 2014	\$8,361,369.38
Expenditures from January 1 to May 31, 2015	\$1,385,492.65
Cumulative expenditures to date	\$9,746,862.03
Remaining unexpended balance	\$1,123,801

As of the end of May 2015, TFP had spent approximately 89% of the total estimated cost. At current spending rates the project will end July 31, 2015, with approximately \$340,000 or 3% of the total contract ceiling unspent.