USAID EAST AFRICA TRADE AND INVESTMENT HUB

QUARTERLY PROGRESS REPORT

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USAID EAST AFRICA TRADE AND INVESTMENT HUB

FY 2015 Q2 PROGRESS REPORT

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Prepared for Michelle Bahk, Regional Trade Advisor, Trade Africa
United States Agency for International Development/Kenya
C/O American Embassy
United Nations Avenue, Gigiri
P.O. Box 629, Village Market 00621
Nairobi, Kenya

Prepared by
Development Alternatives Incorporated, DAI
7600 Wisconsin Avenue, Suite 200
Bethesda, MD 20814

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ACRONYMS AND ABBREVIATIONS

ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
ACTIF	African Cotton &Textile Industries Federation
AFSTA	African Seed Trade Association
AGOA	African Growth Opportunity Act
AIMS	Agribusiness Investment for Market Stimulation project
ANSI	American National Standards Institute
CCA	Corporate Council on Africa
CET	Common External Tariff (EAC)
COMESA	Common Market for Eastern and Southern Africa
COMSHIP	COMESA Seed Harmonization Implementation Plan
EAC	East African Community
EAC+	East African Community plus Mauritius, Madagascar, Seychelles and Ethiopia.
EAGC	Eastern Africa Grain Council
EATH	East Africa Trade Hub
EATIH	East Africa Trade and Investment Hub
GOK	Government of Kenya
KEPSA	Kenya Private Sector Alliance
MOU	Memorandum of Understanding
PMP	Performance Monitoring Plan
PVH	Phillips-Van Heusen
RADDEx	Revenue Authorities Digital Data Exchange
RATIN	Regional Agricultural Trade Intelligence Network
RFBS	Regional Food Balance Sheet
SOPs	Standard Operating Procedures
SPS	Sanitary and Phytosanitary
STS	Structured Trading Sytems
TMEA	TradeMark East Africa
USAID	United States Agency for International Development
USG	United States Government
USTDA	United States Trade and Development Agency
USTR	Office of the United States Trade Representative
WTO	World Trade Organization
WRAP	Worldwide Responsible Accredited Production

I. EAST AFRICA TRADE AND INVESTMENT HUB EXECUTIVE SUMMARY

Qualitative Impact

The East Africa Trade and Investment Hub (the Hub) is designed to boost trade and investment with and within East Africa. The Hub spent much of quarter 2 forming relationships with East African public and private sector partners who have the capacity to drive economic growth. This was particularly true in the Hub's newest component, investment. The Hub's investment component strives to facilitate investment and technology that drives trade growth intra-regionally and to global markets, particularly the U.S.

The investment component averaged about seven meetings a week during quarter 2, everyone from Gatsby Trust in Tanzania to KenInvest in Kenya to the Corporate Council on Africa (CCA) in Washington, D.C. These meetings informed a high-impact sector analysis that will be officially submitted in quarter 3 and a number of draft memorandum of understandings (MoUs) that will be officially signed in quarter 3. The investment component's networking approach also produced opportunities. High-level government officials are seeking the Hub's technical advice on key investment sectors (see leather sector highlighted below). This is also the case in the Hub's trade promotion and African Growth and Opportunity Act (AGOA) component that works to promote two-way trade with the U.S. under AGOA. The governments of East African countries are eager to have the Hub work with them and their country's private sector on national strategies to better take advantage of the opportunities that AGOA provides. The Hub drafted Madagascar and Rwanda AGOA strategies in quarter 2. The Hub also connected East African companies with the U.S. market through three different trade shows.

The Hub's agriculture and agribusiness component and trade policy and regulatory reform component did a great deal of due diligence in quarter 2. They spent much of their time drafting scopes of work for assessments of larger regional projects (e.g. structure trading systems) and advertising for available positions on their teams. The good news, the two components will welcome new teammates in quarter 3 and should have firms in place for moving forward with needed regional assessments. Further, with the new East African Community (EAC) U.S. Government Cooperation Agreement in place (see below), the two components have a clear mandate to help the EAC move forward with creating a trade enabling environment, such as prioritizing sanitary and phytosanitary measures.

Here are a few of the qualitative highlights from quarter 2:

Investment highlights – Facilitating investment and technology that drives trade growth intra regionally and to global markets, particularly the U.S.

Revitalizing the Kenyan leather sector

The Hub is working with the Kenyan Cabinet Secretary of Industrialization and Enterprise Adan Mohamed, the newly formed Leather Development Council, and Land o' Lakes to support Kenya's revitalization of the leather sector. The current plan is to create a Hub-supported "trade and investment desk" situated within the Ministry that will act as a link between the leather and textiles sector, the Hub and the private sector.

The Hub signs MOU with Corporate Council on Africa

The East Africa Trade and Investment Hub is pleased to announce its partnership with the Corporate Council on Africa (CCA) to boost trade and investment in East Africa. The partnership will be bolstered by CCA's recent dedication of an East Africa Director to be housed, starting May 1, in the Kenya Private Sector Association (KEPSA) offices. Together, the Hub, CCA and KEPSA will provide businesses the resources they need to invest in East Africa.

Trade promotion and AGOA highlights – The Hub is changing perceptions about doing business in Africa

U.S. companies are discovering duty-free sourcing destinations in East Africa

PVH (Phillips-Van Heusen)
Global clothing retailer PVH (Phillips-Van Heusen), which manages brands such as, Calvin Klein, Tommy Hilfiger, and IZOD, recently established its Africa Sourcing Hub in Nairobi, Kenya. The corporate decision recognizes East Africa's importance as a sourcing base for the continent as well as a potential investment destination by vendors within its supply chain. The Hub first met PVH at the Interstoff Asia trade show in Hong Kong in 2012, where it also delivered a workshop on African Growth and Opportunity Act (AGOA) and Sourcing from Africa. Since 2012, USAID, the U.S. inter-agencies, and the Hub have actively engaged with PVH regarding sourcing and investment in East Africa.

The Hub Promotes Africa in Asia - the Intertextile Trade Show, Shanghai

"I had no idea that we could source fabrics in China, get them cut and sewn in Africa, and then send the finished garments duty-free to California where we are based. We used to sell to Nordstrom's and other large retailers, but the business has changed and consequently we have had to adapt. As a small business, we are excited to learn that there are factories in East Africa that can meet our needs. The duty savings is a bonus. We will be exploring opportunities in East Africa for sure."

Roger Keller, Owner/President Nannette
Fillmore, CA

(Told to the Hub's Trade Promotion and AGOA advisor at the Intertextile Trade Show, March 2015)

Companies from AGOA-eligible East African countries are connecting with the U.S. market

Madagascar and Rwanda AGOA Strategies
The Hub drafted and completed stakeholder reviews of a Madagascar National AGOA Strategy and a Rwanda National AGOA Strategy in quarter 2. The strategies support AGOA-eligible countries to take advantage of the opportunities AGOA provides.

MAGIC
More than 50 African companies traveled to Las Vegas, Nevada in mid-February to participate in the premier U.S. apparel trade show, Sourcing at MAGIC. MAGIC provides East African countries a platform to connect directly with U.S. buyers.

Trade policy and regulatory reform highlight – The Hub supports U.S. / East African Community (EAC) Cooperation Agreement (signed February 28, 2015)

The new Cooperation Agreement will build capacity in three key areas: Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade. Implementing critical customs reforms, harmonizing standards, and undertaking multilateral commitments will support greater EAC regional economic integration and strengthen its trade relationship with the United States and other global partners.

Examples of how the East Africa Trade and Investment Hub is helping:
Trade Facilitation: The Hub will help the EAC develop a regional AGOA strategy to better assist EAC Partner States take advantage of existing AGOA benefits.
Technical Barriers to Trade: The Hub is working with the Uganda Bureau of Standards and the American National Standards Institute to support Uganda's participation in the WTO Triennial Review of

the WTO Technical Barriers to Trade Agreement. This support is being piloted in Uganda and will be rolled out to the rest of the region.
Sanitary and Phytosanitary Measures: The Hub is currently working with the EAC Agriculture Division to support the implementation of the Sanitary and Phytosanitary Protocol for the EAC.

Read more about the Cooperation Agreement here.

Agriculture and Agribusiness highlight – Assessing regional initiatives
The Hub is gathering firms who have the capacity to provide services in agricultural trading and agribusiness activities. Once reviewing the submissions resulting from the advert, the Hub will shortlist qualified firms and this will, in turn, expedite the contracting process for bringing on expertise in the future. The subject areas indicated in this shortlisting exercise are:

- Structured Trading Systems
- Market Information Systems
- Sanitary and phytosanitary measures
- Capacity building, training and awareness creation

Quantitative Impact

To promote trade and investment activities, the Hub participated in three major trade and investment missions during the reporting period. The three trade and investment missions were, Texworld Trade Show, held in New York in January; Magic Show, held in Las Vegas in February; and Intertextile, held in Shanghai, China in March.

The Hub supported six firms in the textile and apparel industry from East Africa to participate in the Magic Show and showcase what they can offer to potential U.S.-based buyers. The event provided an opportunity for the participating firms to establish linkages with potential U.S. buyers that are keen to source various textile and apparel products from Africa. This is expected to ultimately contribute to increased exports to the U.S. under AGOA.

The Hub supported the Kenya Export Processing Zone Authority to participate in the Intertextile Trade Show in Shanghai, China. This led to over 51 promising linkages with various sourcing companies that are keen to source products from Africa and also export to the EAC market. Since project inception, a total of 121 buyer/seller linkages have been established in the targeted sectors through the assistance of the Hub; these are expected to translate to increased trade and investment in the coming months.

On March 12, the Hub facilitated a stakeholders' consultative meeting in Rwanda to review and finalize the AGOA strategy for the country. A total of 24 stakeholders drawn for the private and public sector participated in the meeting. Another workshop was conducted in Madagascar on March 25 to disseminate the proposed Madagascar National Strategy for AGOA. A total of 44 people participated in the event.

Subsequent Quarter's Work Plan

We do not currently envision any changes to next quarter's activities.

Activity	Apr-15	May-15	Jun-15
Investment and ICT			
Activity 1: High-Impact Sector Assessment Validation			
Activity 2: U.S. Tools and Incentives & New Tools			
Activity 3: Partnership Fund			
Activity 4: Private Sector Network and Partners			
Activity 5: Opportunity Assessment and Transaction Pipeline Creation			
Activity 6: Chokepoints and Intervention Strategies			
Activity 7: Public Private Dialogue			
Activity 8: Investment Promotion Partnerships			
Activity 9: Information Outreach			
Activity 10: Communications			
Agriculture and Agribusiness			
Activity 1: Promotion of structured trading system			

Activity	Apr-15	May-15	Jun-15
Activity 2: Enhance access to financial services			
Activity 3: Implementation of the Staple Foods Quality Standards			
Activity 4: Further Investment in Regional Food Balance Sheet			
Activity 5: EAC Trade Facilitation Instrument and Policy Awareness Raising			
Activity 6: Support enhancement of SPS capacity in the EAC region			
Activity 7: Implementation of EAC Food and Nutrition Security Policy			
Activity 8: Seed Systems in Eastern and Southern Africa			
Activity 9: Support market and trade information systems			
Trade Promotion and AGOA			
Activity 1: AGOA Information Dissemination			
Activity 2: Develop AGOA Strategies			
Activity 3: Build Capacity of National Export Promotion Agencies			
Activity 4: Deliver AGOA Workshops and Seminars			
Activity 5: Foster Greater Linkages Between Key Business Groups			
Activity 6: Targeted Grants to Support Increased Value Chain Competitiveness			
Activity 7:Trade Shows and Buyer Missions			
Activity 8: Firm-level Technical Assistance			
Activity 9: Uganda Cotton Value Chain Study			
Trade Policy and Regulatory Reform			
Activity 1: Strengthening the Enabling Environment-Identification of Key Chokepoints and Establishment of Policy and Regulatory Networks			
Activity 2: Implementation of Selected Policies and Regulations for Selected Sectors and Commodities			
Activity 3: Advancing Regional Trade and Investment Agreements and their Support Institutions			
Activity 4: Advancing Regional Trade and Investment Through Implementation of Key Elements of the EAC Common Market Scorecard			

II. KEY ACHIEVEMENTS (QUALITATIVE IMPACT)

AGOA (African Growth and Opportunity Act) / U.S. EXPORT & TRADE PROMOTION

New York City trade show attracts interest in sub-Saharan Africa, NYC, USA, January 19 - 21

In mid-January, the East Africa Trade and Investment Hub traveled to New York City to attend Texworld, North America's largest sourcing event for apparel fabric buyers, research and product development specialist, designers, merchandisers and overseas sourcing professionals. The Hub attends trade shows to help East African exporters build business linkages with U.S. markets and to promote sub-Saharan Africa as a sourcing destination for U.S. apparel needs. Trade show discussions are often followed by sub-Saharan country visits, or buyer missions. The Hub's approach to changing perceptions about doing business in sub-Saharan Africa is working. Global clothing retailer H&M just announced that it is placing its first orders with garment manufacturers in Ethiopia. The Hub discussed sourcing in sub-Saharan Africa with H&M at its Origin Africa booth back in 2012.

U.S. Apparel Companies Embrace East Africa as Sourcing Destination at Las Vegas Trade Show

More than 50 African companies traveled to Las Vegas, Nevada in mid-February to participate in the premier U.S. apparel trade show, Sourcing at MAGIC. The East Africa Trade and Investment Hub sponsored a strong contingent of African Growth and Opportunity Act (AGOA)-eligible countries, including companies from Madagascar, which recently regained its AGOA status and is hoping to return to its position as a top AGOA exporter.

"The quality of the U.S. buyers attending was excellent. Big box retailers and high-profile brands such as Target, J Crew, Perry Ellis, Ralph Lauren and Levi's visited the Africa Pavilion and expressed interest in sourcing from East Africa," said Finn Holm-Olsen, East Africa Trade and Investment Hub Director of Trade Promotion and AGOA.

To capitalize on the interest shown at MAGIC, the East Africa Trade and Investment Hub is planning a series of buyers' missions to allow U.S. companies to connect directly with the East African companies that can meet their demand for high-quality apparel. U.S companies are increasingly looking to East Africa to meet their sourcing needs, broadening their sourcing portfolio beyond traditional Far East markets.

East African companies are enthusiastic for U.S. companies to visit and ready to produce. *"There is a lot of promise and a lot work to do!"* said Bill Hulburt, Sales Manager at Flexknit Madagascar.

The Hub Promotes Africa in Asia - the Intertextile Trade Show, Shanghai
The East Africa Trade and Investment Hub's Trade Promotion and AGOA Director coordinated East African participation at the Intertextile apparel trade show, including:

1. An Origin Africa booth that showcased a range of of East African exporters
2. A booth staffed by representatives from the Kenya Export Processing Zones Authority that showcased Kenyan exporters
3. A seminar, delivered by the Hub's Trade Promotion and AGOA Director, entitled African Growth and Opportunity Act (AGOA) and Africa as a Sourcing and Investment Destination

The Intertextile show is one of the largest trade fairs for fabrics in China. It afforded the Hub the chance to speak with major companies based in Asia about opportunities for sourcing and investing. Namely, that they could still be eligible for AGOA benefits if their textiles originate in Asia.

Rwanda AGOA strategy
With strong support from the Rwandan government and private sector, the Hub produced a Rwanda National AGOA strategy to help Rwanda more fully utilize the opportunities AGOA provides. Rwanda has a number of potential AGOA exporters in the home décor and craft sectors, and in the fashion and apparel sectors.

Madagascar AGOA Strategy
The Hub drafted a Madagascar AGOA National Strategy. It was presented to the AGOA Presidential Advisor Eric Randrasana, to both Ministers of Commerce and Industry and to a group of 57 stakeholders. AGOA Strategy will now be disseminated and promoted by Ministry of Commerce.

INVESTMENT & TECHNOLOGY

Hub discusses collaboration with World Bank on 2015 investor conference,
The Hub met with Aref Adamali, Regional Economist, Trade and Competitiveness for Investment Climate Africa of the World Bank on March 10, 2014, to discuss ways to improve upon the 2014 investor conference organized by KenInvest. The World Bank would like to support the organizers in developing a more effective investment conference for 2015, expected to be held later in the year. They would like to work with the Hub to build KenInvest's capacity to meet investors' needs at such conferences. The suggested areas of intervention are, 1. Improve on the match making ability of KenInvest, 2. Structure the conference so that it is efficient for investors to meet and interact, and 3. Develop a tracking system for KenInvest to monitor investment transactions that result.

Revitalizing the Kenya leather sector

Following discussions with the Hub at the November Origin Africa event in Nairobi, Kenyan Cabinet Secretary of Industrialization and Enterprise Adan Mohamed reached out to the Hub to see if we might help in revitalizing Kenya's leather industry. The Hub had a series of meeting throughout quarter 2 to move the initiative along.

The Hub is now working with the newly formed Leather Development Council, led by the CEO of Bata shoe company. The Kenya Government has already ear marked $3 million for the initiative, to include the construction of a "leather city," which will provide incentives for investors looking to add value to the Kenyan leather products.

The Hub met with Land o' Lakes to help inform and design its engagement with the Kenyan Ministry of Trade and Industrialization. The current plan is to create a Hub-supported "trade and investment desk" situated within the Ministry that will act as a link between the leather and textiles sector, the Hub and the private sector.

Profiling investment opportunities with and for KenInvest

The Hub has drafted an MOU with KenInvest to govern engagement for investment promotion. The Hub plans to provide a pipeline of transaction deals for Kenya (and East Africa). The Hub's transaction advisers would identify the pipeline transactions across the Hub's high priority sectors, review the level of investor preparedness, and engage KenInvest to add to Hub suggested investment deals.

Kenya National Chamber of Commerce and Industry makes strides in improving the business enabling environment in Kenya

On March 19, 2015, the Kenya National Chamber of Commerce and Industry welcomed British Foreign Secretary Right Honorable Philip Hammond MP to sign an MOU between the British Chamber of Commerce Kenya and the Kenyan National Chamber of Commerce and Industry. The British Foreign Minister was accompanied by Kenyan Cabinet Secretary for Foreign Affairs and International Trade, Amina Mohamed.

The Kenya National Chamber of Commerce and Industry recently transformed from a parastatal to a private sector organization. Its goal is to create a business enabling environment in Kenya. The East Africa Trade and Investment Hub attended the signing event and is partnering with the Kenya National Chamber of Commerce and Industry to deliver efficient and effective services to its membership and facilitate new investment in the region.

Engaging with Gatsby Trust

The Hub's Investment and ICT Director met with Gatsby Kenya Director Ben Gimson. Gatsby Trust is a charitable foundation that promotes economic development through support to key sectors and markets in East Africa. The foundation is currently focusing on the cotton and tea sector in Tanzania, forestry in Kenya, and the Kenya Markets Trust initiative for sector development. Gatsby's strategy is to study a specific value chain and to then design interventions that should lead to transformation across the entire value chain. Gatsby works closely with the governments in the EAC to effect impact.
Gatsby and the Hub have a number of shared interests, including Gatsby's latest initiative, Msingi.
The Hub and Gatsby plan to share information on high-impact sectors and investment opportunities, including Gatsby's recent regional investment mapping exercise. Both Gatsby and the Hub are currently discussing transformative firms with the Minister of Trade and Industry Adan Mohamed.

The Hub discusses East African investment opportunities with the President of Allied Steel, Mike Lessner

Allied Steel is interested in setting up a strong operational base in East Africa and has been approached with many opportunities for entering the African market. The Hub has provided Allied Steel with a high-level overview of the industry and opportunities in the region, and suggested organizations that could help Allied Steel form a market entry strategy. The Hub has also proposed possible partnerships to Allied Steel, such as with the U.S. firm PVH, which is starting manufacturing in Kenya. Allied Steel has a strong background in setting up textile manufacturing factories, so the partnership could be an excellent fit. Finally, the Hub has also connected Allied Steel to the U.S. Commercial Service, which will be able to develop a scoping visit itinerary for them to understand the steel industry and operations in Kenya.

The Hub hopes to meet in person with Mike Lessner if he can schedule a Kenya visit to his already planned South Africa tour between April and May 2015.

Allied Steel is a U.S.-based steel structure company that now makes 80% of its revenue from international markets. They have successfully operated abroad by having their technology experts advise local partners. They use Allied Steel pre-engineered structures assembled using locally available inputs. They maintain quality by strict supervision on site. They also build capacity of local construction staff through training seminars.

The Hub's Investment and ICT component discusses possible technology transfer/adoption with IBM Research Africa

The Hub's Investment and ICT component team met with Dr. Kamal Bhattacharya, V.P. IBM Research Africa, to get an understanding of what they are doing in East Africa and if there were any areas for collaboration, specifically in technology transfer/adoption. Broadly, IBM Research employs local talent to build local engineering capacity, with a strong focus on intellectual property creation. The Hub is currently discussing how to find applications for patented U.S. technology in Kenya with Aspen Institute. There could be room for further collaboration with IBM Research on this.

AGRICULTURE & AGRIBUSINESS

The East Africa Trade and Investment Hub collaborates with the Eastern Africa Grain Council (EAGC), considering lessons learned and opportunities

The Hub has had several discussions with EAGC on potential areas for engagement, including structured trade, cross-border financing (deemed critical), data collection, and ongoing regional initiatives such as the Regional Food Balance Sheet (RFBS) and RATIN (Regional Agricultural Trade Intelligence Network). The current hope for RATIN is to maintain it as a public good to inform trade and allow EAGC to earn income from the site. The EAGC and Hub both see the need for assessing the current effectiveness of RFBS and RATIN and to chart a path forward. As noted below, the Hub has started the necessary procurement process to make these assessments.

Short-listing of firms to provide services in agricultural trading and agribusiness activities

The Hub prepared an advertisement to run in local newspapers throughout the region for firms and individuals with required expertise in various upcoming agricultural trade and agribusiness-related activities. Once reviewed, the Hub will shortlist qualified firms to expedite the contracting process for bringing on expertise in the future. The subject areas indicated in this shortlisting exercise are:

- Structured Trading Systems
- Market Information Systems
- Sanitary and phytosanitary measures
- Capacity building, training and awareness creation

Submissions will be received during the month of April and firms will be shortlisted in May.

Regional Food Balance Sheet management audit consultancy

Advertisements for RFBS were advertised as earlier attempts failed to generate an adequate pool of candidates to conduct this audit. Design and implementation of the RFBS has received considerable funding and attention in the past, but implementation by the RFBS stakeholders is still weak. This management audit will identify weaknesses and provide insight on institutional arrangements and commitments for keeping the RFBS current.

Structured Trading Systems status assessment

The Hub prepared a scope of work for an assessment of structured trading systems (STS) for grain in the East African region. There are multiple elements of an STS and they are in different stages of

development for the various elements in the EAC countries and value chains. The assessment will be used to identify follow-on interventions by the Hub.

African Seed Trade Association (AFSTA) Seed Congress 2015, Vic Falls, Zimbabwe
The Hub's Senior Agricultural Trade Expert traveled to the AFSTA Seed Congress 2015 to discuss seed trade, network with stakeholders, and consider investment opportunities for the East Africa Trade and Investment Hub. Seed trade, and the policy around it, is hugely influential on regional agricultural productivity. (The Hub has since briefed Food Trade ESA and Africa Lead II on the event and discussed possible areas of collaboration.)

Hub identified focus areas within the Common Market for Eastern and Southern Africa (COMESA) Seed Harmonization Implementation Plan
The Hub held consultations with two other DAI projects in the region to coordinate support for the COMESA Seed Harmonization Implementation Plan (COMSHIP). COMSHIP is led by the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) which has identified four COMSHIP strategic objectives (Domestication of harmonized seed regulations, Sensitization and awareness creation, Monitoring and improvement of COMESA seed systems, and Capacity building). The other DAI projects - Africa Lead II and FoodTrade East and Southern Africa – already have ongoing activities covering the first three objectives, so the Hub will focus interventions on capacity building.

Coordination meeting between the Hub and the Agribusiness Investment for Market Stimulation project
The Hub held a meeting with the Agribusiness Investment for Market Stimulation project (AIMS) in order to mutually learn of each projects' objectives and activities. AIMS is a five-year USDA-funded project providing an OPIC-backed loan guarantee facility to agricultural SMEs in Kenya, Tanzania and Malawi. AIMS also provides technical support to banks and SMEs to maximize the update and success of these loans. A follow-up meeting will be held in the next quarter to identify areas for collaboration.

POLICY AND REGULATORY REFORM

U.S. Trade Representative Michael Froman and trade ministers from the East African Community (EAC) sign Cooperation Agreement to increase trade-related capacity in the EAC region and deepen economic ties
The Hub has agreed to provide sanitary phytosanitary expertise to the East African Community (EAC), its partner states, and relevant stakeholders. According to the Cooperation Agreement, the EAC has until August to develop a sanitary phytosanitary work plan and identify sanitary phytosanitary priorities.

Harmonized sanitary phytosanitary measures will improve the quality of East African Community agricultural products traded within the region and globally.

The East Africa Trade and Investment Hub traveled to Arusha, Tanzania to meet with key partners in the Agriculture and Trade and Customs Divisions of the EAC Secretariat, February 24, 2015
The Hub's agricultural trade expert and trade and regulatory reform director joined Marianne McElroy of the U.S. Department of Agriculture to discuss regional agricultural initiatives with key partners in the Agriculture and Trade and Customs Divisions of the EAC Secretariat. The purpose was to discuss in technical detail how the Hub could build upon and complement the existing USAID support to the EAC Secretariat in the areas of agriculture and customs.

With the EAC Agriculture Division, the team discussed collaboration on and support to the EAC's work on implementation of the Sanitary and Phyto-Sanitary (SPS) Protocol, implementation of harmonized staple food standards, the aflatoxin control program, the Regional Food Balance Sheet, implementation of the EAC Food and Nutrition Security Policy and updating the East Africa Food Security Plan.

Withthe EAC Trade and Customs Division, the team discussed the Single Customs Territory Initiative, implementation of the EAC Common External Tariff (CET), rules of origin, RADDEx (Revenue

Authorities Digital Data Exchange), customs inter-connectivity, electronic cargo tracking systems, CET exemptions (particularly rice), mutual recognition agreements and the EAC Trade Help Desk.

The Hub discusses EAC bilateral support with American National Standards Institute
The Hub had discussions with the American National Standards Institute (ANSI) to help Uganda prepare for the seventh triennial review of the World Trade Organization (WTO) technical barriers to trade agreement, which focuses on transparency and notifications to other WTO member states. The Hub is working with ANSI to conduct three separate training sessions for the Ugandan private and public sector. Once completed, the initiative may be extended to Kenya and Rwanda.

Lessons Learned

The Hub is learning how to maximize efficiency during the procurement process. For example, the Hub now has a short list of qualified firms in agriculture and agribusiness that should expedite the contracting process for bringing on expertise in the future.

III. ACTIVITY PROGRESS (QUANTITATIVE IMPACT)

To promote trade and investment activities, the Hub participated in three trade shows during the reporting period. The three trade shows were, Texworld, held in New York in January: Magic Show, held in Las Vegas in February; and Intertextile, held in Shangai in March. The Hub supported six firms in the textile and apparel industry from AGOA-eligible countries to participate in the Magic Show and showcase what they can offer to potential U.S.-based buyers and investors. The Hub supported the Kenya Export Processing Zone Authority to participate in the Intertextile Trade Show in Shanghai, China. This led to over 51 promising linkages with various sourcing companies that are keen to source products from Africa and also export to the EAC market. Since project inception, a total of 121 buyer/seller linkages have been established in the targeted sectors through the assistance of the Hub; these are expected to translate to increased trade and investment in the coming months.

Details on the quantitative achievements for specific performance indicators are provided in the tables below.

TABLE 1: PERFORMANCE DATA TABLE

The following are the key achievements for the specified performance indicators as of March 31, 2015.

NUMBER OF AGOA STRATEGIES DEVELOPED OR UPDATED INDICATOR #21					
UNIT	**DISAGGREGATE BY:** Country				
	Geographic Location	**Activity Title**	**Date**	**Number**	**Subtotal**
Number of strategies	Rwanda and Madagascar	Updating of AGOA strategies		**2 (Ongoing)**	2
	Totals			**2 (Ongoing)**	**2**

Results:

	Baseline	Results in Prior Periods	This Reporting Period 31-Mar-15 Achieved	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2019 Target	End of Activity Target
	0	Achieved	Achieved	2	2	2	-	-	6
Rwanda		0	1(Ongoing)						
Madagascar		0	1(Ongoing)						

PERSON HOURS OF TRAINING COMPLETED IN TRADE AND INVESTMENT ENABLING ENVIRONMENT SUPPORTED BY USG ASSISTANCE

INDICATOR #24

UNIT	DISAGGREGATE BY: Sex					
	Geographic Location	Activity Title	Date	W	M	Subtotal
Number of person hours	East African Community (EAC)	Seminar on Policy Interventions needed to improve Regional and International Trade	12th Nov 2014	38	38.5	76.5
	Totals			38	38.5	76.5

Results:

Additional Criteria If other criteria are important, add lines for setting targets and tracking	Baseline		Results in Prior Periods		This Reporting Period 31-Mar-15		FY 2015 Target		FY 2016 Target		FY 2017 Target		FY 2018 Target		FY 2019 Target		End of Activity Target	
	0		Achieved		Achieved		Target		Target		Target		Target		Target		Target	
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
Sex*: Women (W), Men (M)					38	38.5	250	250	500	500	500	500	1500	1500	1000	1000	2250	2250

NUMBER OF BUYER SELLER LINKAGES ESTABLISHED IN EXPORT CAPACITY IN THE TARGETED SECTORS AS A RESULT OF TRADE HUB ASSISTANCE

INDICATOR #28

UNIT	DISAGGREGATE BY: Sector				
	Geographic Location	Activity Title	Date	Number	Subtotal
Number of linkages	East African Community (EAC)	Intertextile Trade Show, Shanghai	18-20/4/2015	51	51
	Totals			51	51

Results:

	Baseline	Results in Prior Periods	This Reporting Period 31-Mar-15	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2019 Target	End of Activity Target
Additional Criteria **If other criteria are important, add lines for setting targets and tracking**	0	Achieved	Achieved	Target	Target	Target	Target	Target	Target
		100	51	150	50	50	50	50	350

NUMBER OF TRADE AND INVESTMENT MISSIONS COMPLETED

INDICATOR #29

UNIT	**DISAGGREGATE BY:** Location, event, date and gender				
	Geographic Location	**Activity Title**	**Date**		**Subtotal**
Number of trade and investment missions	Nairobi, Kenya	Origin Africa	Nov 2014	1	1
	New York, US	Texworld	Jan 2015	1	1
	Las Vegas	Magic Show	Feb 2015	1	1
	Shanghai, China	Intertextile Show	March 2015	1	1
	Totals			**4**	**4**

Results:

	Baseline	Results in Prior Periods	This Reporting Period 31-Mar-15	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2019 Target	End of Activity Target
		Achieved	Achieved	Target	Target	Target	Target	Target	Target
	0	1	3	6	7	7	7	5	32

PERSON HOURS OF TRAINING COMPLEETD IN TRADE AND INVESTMENT CAPACITY BUILDING SUPPORTED BY USG ASSISTANCE INDICATOR #30

UNIT	DISAGGREGATE BY: Location, event, date and gender					
	Geographic Location	**Activity Title**	**Date**	**W**	**M**	**Subtotal**
Number of election officials	East African Community (EAC)	Origin Africa Trade and Investment Seminars	10-12 Nov 2014	323	323	646
	Totals			**323**	**323**	**646**

Results:

Additional Criteria If other criteria are important, add lines for setting targets and tracking	Baseline	Results in Prior Periods Achieved		This Reporting Period 31-Mar-15 Achieved		FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2019 Target	End of Activity Target
		W	M	W	M	W/M	W/M	W/M	W/M	W/M	W/M
Sex*: Women (W), Men (M)	0	323	323	-	-	700	800	1000	1500	1000	5000

NUMBER OF FIRMS RECEIVING USG CAPACITY BUILDING ASSISTANCE TO EXPORT INDICATOR #31

UNIT	DISAGGREGATE BY: Sector				
	Geographic Location	**Activity Title**	**Date**	**Number**	**Subtotal**
Number of firms	Nairobi, Kenya	Origin Africa	Nov 2014	115	115
	New York, US	Texworld	Jan 2015		
	Las Vegas	Magic Show	Feb 2015	6	6
	Shanghai, China	Intertextile Show	March 2015		
	Totals			**121**	**121**

Results:

	Baseline	Results in Prior Periods	This Reporting Period 31-Mar-15	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target	FY 2019 Target	End of Activity Target
Additional Criteria If other criteria are important, add lines for setting targets and tracking	0	Achieved	Target Achieved	Target	Target	Target	Target	Target	Target
		115	6	150	175	200	100	80	705

IV. CONSTRAINTS AND OPPORTUNITIES

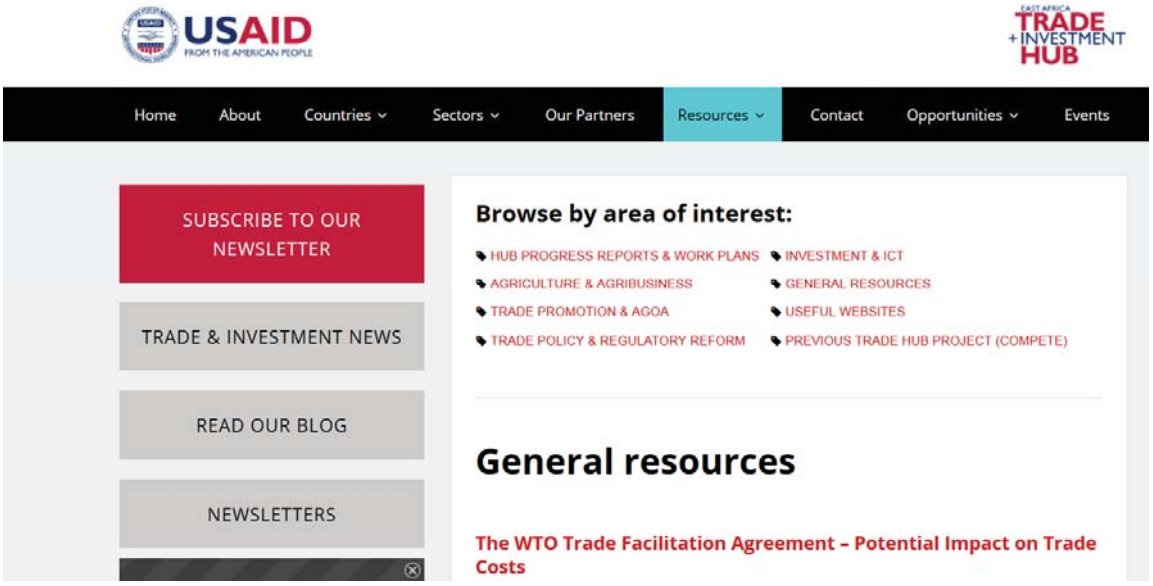
Opportunities

Communications and Knowledge Management

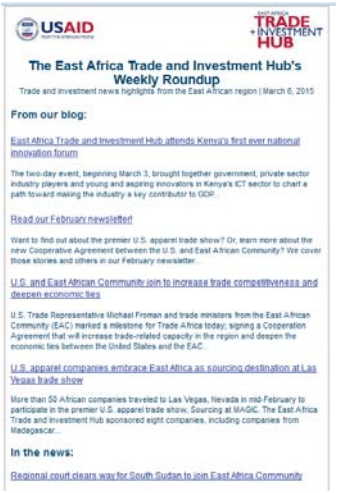
Following required security scans, the East Africa Trade and Investment Hub website www.eatradehub.org was approved at the end of quarter 1. USAID Washington chose the East Africa Hub's website as the platform and template for all other Hubs.

To maximize the opportunities that this highly interactive website platform provides, the Hub has been adding communications and knowledge management features throughout quarter 2.
Here are some highlights:

We created a resources/knowledge management portal, see below. The portal provides access to general resources that are relevant to the overall Hub project and goals. It also provides resources by Hub component. All resources are then further tagged by country or relevance. For example, you could click on the gender tag to see all resources that have specific relevance to this topic. The portal also provides access to the Hub's current progress reports and work plans, and to previous USAID East Africa Trade Hub/COMPETE resources. All resources can be shared directly from the resources site through email, facebook or twitter.

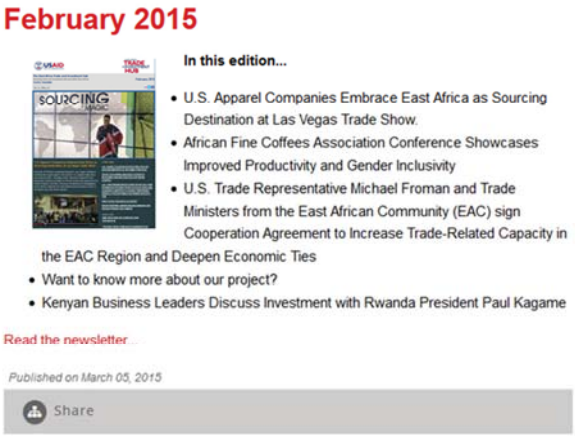


We now maintain a trade and investment news blog (see sidebar button above) that is updated daily with project-relevant news from the East Africa region. We do our best to include news from across the region that has relevance to both "Trade Africa" and "Feed the Future." All news items, with link to original source, can be shared directly from the site. To further promote our news blog, drive people to the Hub website, and provide relevant news items and Hub specific announcements for our stakeholders, we created a Weekly Roundup. We send the Weekly Roundup to our newsletter email list every Friday morning. (See image to right)



The Weekly Roundup complements are quarter 1 established monthly newsletter. We made two needed adjustments to that newsletter in quarter 2.

1. We revamped the look to make sure that it was clear that the East Africa Trade and Investment Hub is both a Trade Africa and Feed the Future project. Every newsletter now features both the Trade Africa and Feed the Future logo and links to more information about the two presidential initiatives, see photo to right.
2. We revamped our newsletter archive to allow for easy sharing of old newsletters, see below, and encourage people to subscribe.



Constraints

The abrupt loss of a senior support team member caused a minor bit of disruption with support from the home office. The staff member has since been replaced with a robust home office support team. This has dramatically improved support to the field team.

Senior national technical staff positions continue to take extended periods of time to fill due to the limited pool of candidates with the skills and required levels of experience. Significant progress has been made on this issue and it continues to be a top priority for the Hub team.

Progress on constraints

Filling vacant positions in the agricultural trade and agribusiness component
The recruiting process for filling vacant positions in the Agricultural Trade and Agribusiness component yielded a great number of CVs for the various positions.

- A candidate was identified for the component lead position and the CV forwarded to USAID. For the intervening period until the candidate is available in July an Interim Component Leader was contracted who will start in early April.
- There were a great number of responses to an advertisement for position of value chain expert. After a thorough review process, a pool of five candidates was selected for a short list. These candidates will be interviewed in April.
- Many CVs were reviewed for the sector specialist position as well and two candidates were selected as finalists. These candidates will be interviewed in August as well.

V. PERFORMANCE MONITORING

During the reporting period, the M&E team finalized the project Performance Management Plan (PMP) and submitted it to USAID for approval. The PMP contains the final set of performance indicators that have been selected in consultation with USAID. The indicators include those that are derived from the

ACTE PMP, FtF, USAID standard indicators and Hub custom indicators. The PMP contains the project's development hypothesis, and results framework with critical assumptions, performance indicator reference sheets, including descriptions of data collection and analysis methods. A performance data table that includes baseline and expected values for each project year, an evaluation plan, and a Performance Management Task Schedule that highlights special studies and surveys the project will undertake in support of its robust M&E system.

As part of the process of finalizing the PMP, the M&E team put together baseline data for the PMP indicators using existing secondary data sources. The team also designed a tool for collecting firm-level baseline data on sales and profitability. The tool captures firm ownership and gender aspects. A pilot test of the tool was conducted during the February Magic Show in Las Vegas. Further surveys will be carried out for Hub-supported firms on a rolling basis.

The Hub developed Standard Operating Procedures (SOPs) during quarter 2 to facilitate systematic and effective data collection and documentation processes. The SOPs will be particularly useful in introducing new M&E staff to the Hub's data collection, analysis and documentation processes, and to ensure that institutional memory is not lost in case of any personnel changes. The M&E team also developed a physical filing system for all performance indicators and filed already established physical records and project deliverables.

To facilitate effective data storage, analysis and retrieval, the M&E team customized the DAI information management system, TAMIS. The system is a vital tool for the project's M&E activities and a key depository of project information which is essential for proper tracking of performance and reporting progress in project implementation.

To facilitate organizational learning, the M&E team developed a Knowledge Management Strategy that will provide the Hub with the framework and tools required for increased project effectiveness in the East African trade and investment context. Changing realities in the operating environment mean that the Hub will need to be agile, devise appropriate innovations and improve its systems and its institutional readiness for continuous learning and sharing. With knowledge management, the Hub will better meet its objectives, incorporating inside and outside knowledge to inform, adapt, plan and implement.

VI. PROGRESS ON GENDER STRATEGY

The Hub submitted its gender strategy to USAID on March 31, 2015. The Hub Gender Assessment included desk research, internal consultations, key informant interviews and focus groups. Key findings from this process included:

- Women owned/led businesses have difficulty growing their businesses to enter into or succeed in export markets. This mainly due to lack of access to accurate information, lack of access to finance, lack of capacity and cultural dynamics.
- The women private sector voice is not adequately captured in policy dialogue or by implementing institutions.
- The national level landscape of supporting institutions lacks high-level regional coordination.

Recommendations

The Hub Gender Strategy includes recommendations for the Hub's internal management and program design cycle, and cross cutting recommendations related to the project's technical scope of work.
For Hub program design, communications and M&E processes, priority recommendations are to:

- **Integrate gender into Hub program design cycle**, including modifying action memos to include a statement on female-focused programming or gender inclusion, developing an internal gender audit system, and using targeted procurement to engage women.
- **Include gender perspective in internal studies and external impact evaluations**.
- **Develop a communication database for targeted outreach**, including for communications and procurement activities.

- **Establish a learning and resource portal for women in trade and export** that includes information on EAC trade policy developments and requirements, AGOA outreach materials, women-targeted financial institutions or products, Hub news, and other relevant regional and national resources.

For the Hub's technical approach, cross cutting recommendations are to:

- **Prioritize sectors with potential for female job creation**, such as apparel, horticulture, and coffee.
- **Encourage entry or expansion of women in Hub sectors** to promote a gender-equal presence of women in key trade and export sectors, and to position women owned/led businesses as key influencers of competitiveness and magnets for investment.
- **Support industry/sector standards that are socially responsible** to build women-friendly job opportunities while creating a positive brand for the region.
- **Disseminate national level models with gender impact at the regional level** to spread successful approaches to build gender-responsive organizations and associations.
- **Adapt trainings to maximize women's inclusion and produce practical benefit** by designing timing and location to facilitate participation, and tailoring content and delivery to be directly relevant.

Promote a coordinated voice for women in the private sector to produce greater impact, including in promoting gender considerations in EAC trade policy design and implementation.

VII. PROGRESS ON ENVIRONMENTAL MITIGATION AND MONITORING

The Hub has had very few activities that require environmental mitigation and monitoring. Other than the office build-out, all activities have had categorical exclusions for environmental determinations. The Hub team is monitoring the office build-out for compliance with measures laid out in USAID's Environmental Reform Form. The Hub's current pipeline of activities will not have significant environmental compliance implications.

The DAI home office team has restarted drafting an Environmental Mitigation and Monitoring Plan for the Hub project. A staff member who left DAI had started the first draft but it was not turned over when the staff member departed.

VIII. PROGRESS ON LINKS TO OTHER USAID PROGRAMS

The Hub created a stakeholder matrix during quarter 2 that includes Trade Africa and Feed the Future contacts from the USAID bilateral missions, USG inter agencies in Washington and the region, and EAC representatives. These contacts have been added to our newsletter and Weekly Roundup mailing list. We further engage with these stakeholders through Twitter, Facebook, and our website. This has helped created a dialogue between projects that lends itself toward collaboration when appropriate. After sending a newsletter or Weekly Roundup, a stakeholder will often reach out to us through email about something they want to promote or suggestions they have for collaboration. We also receive questions and feedback through several different portals on our website.

To ensure technical collaboration on cross-over initiatives, the Hub has also initiated and participated in several stakeholder workshops.

Here are a few highlights from quarter 2:

DAI collaboration workshop, Nairobi, Kenya, February 18 - 19, 2015

DAI gathered its chief of parties and component leads from all its Nairobi-based projects for a two-day collaborative workshop. The goal was to determine if DAI projects could strengthen coordination efforts and gain efficiencies where key initiatives and partners overlap.

The East Africa Trade and Investment Hub chaired a stakeholder coordination meeting with Food Trade East and Southern Africa (Food Trade ESA) and Africa Lead II, March 9, 2015, Nairobi, Kenya

The main topic of conversation was seed harmonization regulations with a focus on the COMESA Seed Harmonization Implementation Plan (COMSHIP) and a proposal under discussion between African Seed Trade Association (AFSTA) and Africa II on Seed Industry Information System Development. The Hub now has a much clearer vision for where opportunities exist for positive intervention, namely supporting institutional capacity building centered on certification systems, including testing equipment and training for inspectors at borders.

The stakeholder meeting also touched on structured trading systems with a focus on Food Trade ESA's work in the region. The Hub looks forward to seeing the results of Food Trade's scoping exercise in both seed and structured trade. Food Trade plans to launch a Challenge Fund around April 1 that aims to help farmers participate effectively in structured trade. (The Hub promoted the Challenge Fund in its home page blog, newsletter, and Weekly Roundup).

Regional trade and investment workshop in Accra, Ghana, March 17 – 19

Senior management from the USAID Trade (and Investment) Hubs, USAID's Management Support and Technical Analysis Services project, USAID's Bureau for Africa, and USAID bilateral and regional missions met to discuss a new Harmonized Project Management Plan and opportunities for coordination and information sharing.

IX. PROGRESS ON LINKS WITH EAC GOVERNMENT AGENCIES

The Hub is actively creating networks with the public sector to explore investment opportunities

In January, Kenyan Cabinet Secretary for Trade and Industrialization Adan Mohamed announced a Ksh 1 billion government commitment to review the leather sector. Since that announcement, the Hub has met with CS Mohamed to discuss avenues through which the Hub can engage with the Kenyan government to increase private sector investment in the leather sector, which includes footwear and the export of raw hide. CS Mohamed contacted the Hub as a result of their meeting at the Nairobi Origin Africa event in November.

The Hub is also actively engaging with the EAC on the late-February signed US-EAC Cooperation Agreement. In addition to supporting trade facilitation and the removal of non-tariff barriers, the Hub has agreed to help the EAC define its sanitary phytosanitary priorities. (see more in the qualitative highlights section)

X. PROGRESS ON USAID FORWARD

One of our main focuses remains hiring. A major consideration in our hiring process is finding candidates who could step up in responsibility as the project progresses. The transition from assistant or advisor to component lead or manager is a good example of USAID Forward.

XI. SUSTAINABILITY AND EXIT STRATEGY

EATIH is currently focusing on hiring the best possible Kenyan and regional professionals. These professionals are dynamic individuals who will most likely carry on trade and investment facilitation after the life of the project, using the network and experience they gained from the project.

XII. SUBSEQUENT QUARTER'S WORK PLAN

Identified above, no planned deviation at this time.

XIV. ACTIVITY ADMINISTRATION

Personnel

The last quarter has seen a dramatic increase in the number of the Hub staff both hired and identified to be hired for the team. The Hub continues to recruit aggressively for a number of technical staff position across two components and for a few administrative positions. It is likely that the Hub will have hired nearly all of its team by the end of the Q3. Two staff left the project during the last quarter – an accountant and the Gender Director but both of those positions are being recruited for.

Name	Position
Denis Gallagher	Chief of Party
Irene Burns	Acting Deputy Chief of Party
Kanini Mutooni	Component 1 Lead: Sr. Investment Advisor
Scott Simons	Component 2 Lead: Interim Sr. Agricultural Trade Advisor
Finn Holm-Olsen	Component 3 Lead: Sr. Trade Promotion Advisor
Scott Allen	Component 4: Sr. Economic Policy Advisor
Craig Berkenpas	Director of Operations and Finance
Katie Moulton	Communications Director
Protase Echessah	Senior Agricultural Trade Expert
Brian Muriuki	Procurement & Logistics Officer
Sheila Mati	HR/Office Manager
Carol Watheka	Partnership Fund Director
Caroline Ngumba	Grants & Subcontract Specialist
Claude Katata	Administrative Assistant
Elizabeth Muange	Investment Analyst
Grace Mwai	Procurement Manager
Hussein Yahya	Procurement Officer
Lukas Barake	M & E Specialist
Nelly Ngunguru	Sector Analyst
Richard Omwega	Finance Manager
Rosalid Ndoro	Grants & Subcontract Specialist
Stephen Obunga	Finance Assistant
Susan Mungai	IT Specialist
Wilfred Mworia	ICT Innovation Specialist
Under Recruitment	Deputy Chief of Party
Under Recruitment	Component 2 Lead: Sr. Agricultural Trade Advisor
Under Recruitment	Value Chain Development Specialist
Under Recruitment	Gender Director
Under Recruitment	Market Linkages Specialist
Under Recruitment	Agricultural Value Chain Specialist
Under Recruitment	Administrative Assistant
Under Recruitment	Country Representative-Tanzania
Under Recruitment	Country Representative-Burundi
Under Recruitment	Country Representative-Uganda
Under Recruitment	Country Representative-Rwanda

Hiring in Progress	M&E Assistant
Hiring in Progress	Accountant
Hiring in Progress	Driver/Administrative Assistant

Contract, Award or Cooperative Agreement Modifications and Amendments

There were no contract modifications this last quarter though another obligation increase will be needed around the end of the coming quarter.

XV. GPS INFORMATION

The Hub plans to maintain a google map of its activities. The start of that initiative is here.

XVI. SUCCESS STORY GUIDELINES & PREP SHEETS

Stories

We share Hub success stories on our home page blog and in our monthly newsletter. We promote these stories daily through our social media channels and weekly through our Weekly Roundup.
In addition to short stories and blogs, we've created several infographics during quarter 2 to further explain what the Hub does and the accomplishments we have made. Infographics present a lot of information quickly and in an engaging manner. They complement more development-heavy technical briefs well. (see success story example below.)

Photographs

We have shared a CD of professional photos with the USAID/Kenya DOC. We also maintain a flickr page https://www.flickr.com/photos/76086802@N08/

AGOA-Export Company Mombasa Apparel Creates 3,000 New Kenyan Jobs with Launch of Fourth Factory

Photo credit: USAID East Africa Trade and Investment Hub

An employee works on shirts destined for the U.S. through AGOA at Mombasa Apparel's newly opened fourth coastal factory.

Mombasa Apparel will employ 14,000 Kenyans in the coastal region by the end of 2015, positively impacting the livelihoods of nearly 100,000 Kenyans.

On November 8, 2014, Mombasa Apparel launched its fourth textile factory on the coast of Kenya. Its output is apparel destined for the U.S. through AGOA. The larger Mombasa Apparel investor group employs more Kenyans than Standard Charter, Barclays, East African Breweries, and Safaricom combined (Kenya's most visible companies).

In the Mombasa region alone, Mombasa Apparel now maintains 10,000 salaried employees in its four factories. Mombasa Apparel Managing Director Fakhruddin G. Amiji is encouraged by the productivity of his Kenyan employees in the newly opened fourth factory, noting that "the vast majority of young, especially women workers, have never before operated machinery or worked in industry." With intense on-the-job training, these newly employed young Kenyans are close to reaching the industry norm for productivity. The company plans to have a fifth factory online by the close of 2015. The capital investment for factory four and five is $25 million.

East Africa is a reliable sourcing destination for international companies looking to diversify their portfolios and transition away from South Asia and China, which are becoming increasingly expensive. The USAID East Africa Trade and Investment Hub partners with East African and U.S. businesses to attract investment needed to drive economic growth and transform the East African private sector into vibrant global trading partners. Over the past few years, the Hub has introduced six U.S. apparel buyers to Mombasa Apparel, helping to create the demand for more investment in factories. Mombasa Apparel will employ 14,000 Kenyans in the coastal region by the end of 2015, positively impacting the livelihoods of nearly 100,000 Kenyans.