



VEGA Ethiopia AGOA+ Program

**Quarterly Performance Report
January - March 31, 2009**

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VEGA Ethiopia AGOA+ Program

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EXECUTIVE SUMMARY

During the past Quarter, the project:

- Made follow-ups on buyer orders achieved through market linkage activities of the AGOA project and facilitated buyer's mission for additional product orders;
- Continued working with the Ethiopian Chamber of Commerce and Sectoral Associations and organized training for companies looking to enter the US market with competitive products;
- Facilitated participation of businesses and their members in a comprehensive research on demands for business development
- Continued linking Ethiopian companies with potential buyers in the US and also providing information to new clients looking for information on AGOA;
- The Diaspora Direct Investment (DDI) project continued operating as per the plan and registered encouraging results in facilitating companies access to local financial services;
- The American Chamber of Commerce (AmCham) continued operating after its official launching;
- Impacts/Results:

A. AGOA Plus Project

Impact: The year-to-date total AGOA/GSP exports from Ethiopia to the U.S. (updated September 2008) grew from USD 15.722 million in 2008 to USD18.038 million indicating 15% increase within the last three months! The export value at the end of 2006 was USD 7.203 million, which grew by USD 8.973 million in 2007. An original plan of reaching about USD 15 million by the end of the third year of operation (2008) has already been met successfully. The performance of the other newly started operations of VEGA-Ethiopia (DDI and AmCham) have also went well. All the achievements of VEGA-Ethiopia operations were publicized on the occasion of the National AGOA/WTO Forum that took on March 31st, 2009 in Addis Ababa.

B. Diaspora Direct Investment (DDI) Project

Impact: This project has shown that the level of interest from the Diaspora and local women to start and grow a business to be very high, the program has over 200 interested applicants thus far, the working relationship with the banks has been built and finalized projects have been handed in as well as funded.

C. Chamber Support

Impact: The end of this quarter has seen the arrival of the first Managing Director of the Amcham arrive in Ethiopia to take over the position, the board has placed ad's in local papers to hire staff, office has been allocated and all the needed material being purchased to service the office.. Exciting development on other chamber support is also at hand in the near future with high-level meetings and workshops for the members and a new membership service structure.

I. PROGRAM ACTIVITIES

1. AGOA Related Activities

Implementation of the WRAP¹ certification program in collaboration with ILO/MoTI

As part of its continuous activities, the VEGA Ethiopia AGOA+ project has continued collaborating with the ILO/MoTI project and has been assisting selected companies to reach the final stage of the pre-audit for final certification. The auditing team from South Africa will be in Addis on 13th April 2009 and the WRAP training director from the US will reach Addis on the fourth week of the month.

The AGOA+ staff will accompany the WRAP team in its assessment of the companies and the experience to be gained from this participation will be helpful in enhancing staff's knowledge about WRAP. The AGOA+ project will also assist the ILO project coordinator in setting up meeting schedules with the USAID office in Addis and relevant government officials.

WRAP certification would then be a first time achievement for Ethiopia and will help the companies in great ways (such as giving confidence to US buyers in their efforts to source from Ethiopia). On the other hand, the project will assist the Ethiopian Textile and Garment Manufacturers Association to organize a half day stakeholders meeting/training on results with the six companies underwent through WRAP pre-audit process and general briefings about WRAP to the rest of ETGAMA members.

Participation in Private Sector Development related surveys

The VEGA Ethiopia AGOA+ project staff collaborated with the team of USAID consultants that arrived Ethiopia on 28th February 2009. The team came to Ethiopia to conduct enterprise surveys for a USAID enterprise diagnostic assignment. Accordingly, the team has been able to meet companies from the following sectors in March 2009:

- agriculture/agribusiness
- manufacturing (including leather goods, textile and apparel)
- services (including tour operators, hoteliers, and outsourcing)

The AGOA+ staff also assisted in making connections with six private sector associations that included:

- Ethiopia Chamber of Commerce and Sectoral Associations
- Addis Ababa Chamber of Commerce and Sectoral Associations
- Ethiopian Leather, Shoe and Leather Products Manufacturing Association
- Ethiopian Textile and Garment Manufacturing Association
- Ethiopian Horticulture Producers and Exporters Association
- Ethiopian Women Exporters Association

Assistance given to the US Embassy in Ethiopia

Assistance was provided to the Embassy in its effort of coordinating the visit by the USTR team in March 2009. Advisory services on how to contact companies from the textile and garment sector and delivery of company profiles of the enterprises visited were provided. In addition, the

¹ WRAP stands for 'Worldwide Responsible Apparel Production'.

AGOA office provided the Embassy with the basic information on Ethiopia's textile and garment sector.

Assistance given to the USAID Office: Ambassador's visit to MAA Garment

The AGOA team requested to arrange field visit by the US Ambassador and USAID's Country Director on 26 February 2009. The Company visited was MAA garment located in Tigray regional state. MAA garment is one of the best performing companies in Ethiopia working with VEGA Ethiopia AGOA project.

Assistance given to the USAID Office: Facilitation of USTR Team Visit to Ethiopia

In March 2009, the team has also provided services to the USAID office in connection with the visit made by the team from USTR [Ms. Florizelle Liser; Assistant US Trade Representative for Africa, who leads US trade efforts in sub-Saharan Africa, oversees implementation of AGOA and Mr. Patrick Dean Coleman, Director for African Affairs. The VEGA office invited ten leading companies and private sector promoters to discuss with the USTR team on March 17th at USAID office.

Apart from discussions with the Ethiopian private sector actors, the USTR team has also made fruitful meeting with the VEGA staff members. Comprehensive PowerPoint presentations were made by VEGA staff members on projects' approach, activities and achievements. The roles of VEGA Alliance and IESC in implementing the projects were thoroughly explained.



Visit at Novastar garment factory : [left to right]: Florizelle Liser, Patrick Dean Coleman, Ambassador Peter Allgeier, Kary Hintz-Tate (Second Secretary, US Embassy), Addis Alemayehou (VEGA Chief of Party, and Mohammed Umer (Nova star garment)

During this mission, a field visit has also been arranged for the team to Nova Star garment factory. Ambassador Peter Allgeier, US Acting Trade Representative at USTR joined the rest of the team members mentioned above. The team conducted detailed discussion with the co-owner and manager of the factory on several issues of concern such as factory operations and products, overall sectoral information and Factory's experience in utilizing AGOA opportunity.

The National AGOA/WTO Business Forum

The VEGA Ethiopia office, in collaboration with the WTO Accession Plus Project, organized a major business forum that dealt with the current status of Ethiopia's AGOA and WTO implementations. The forum took place on March 31st, 2009 and over 100 invitees with varied composition participated at the forum. There were private sector associations, government offices and major export companies from all sectors of the economy. The forum provided ample opportunity for the two USAID funded programs to update the audience and the public on their respective development undertakings. The AGOA Chief of Party (Addis Alemayehou), DDI project manager (Sehul Truesaw) and Project Consultant made presentations. The chief of party for VEGA-Ethiopia told exporters on how soon the global financial crises will catch up with Ethiopia and informed companies to be ready for the challenges with timely and proper copying strategy.

Similarly, the WTO Accession Plus staff members made presentations in reference to their specific tasks. Apart from these presentations, companies were invited to share their export experiences with specific emphases to their successes and challenges. Media presence was also ensured.

This occasion was well marked with the presence of Mr. Glenn Anders, Mission Director of USAID/Ethiopia. In his opening remarks, Anders mentioned about the USAID funded projects being implemented by VEGA Ethiopia and their roles in the development of the Ethiopian Private Sector. The establishment of the US Chamber of Commerce and implementation of the DDI project were mentioned as important vehicles for further undertakings.



The moderator for the Forum was Ms. Jeanah Lacey, the CTO for the VEGA Ethiopia project at USAID office in Ethiopia. Mr. Lazarre Potier, Chief of Party for the USAID/WTO Accession Plus Project made an opening speech.

The USAID/VEGA Ethiopia Program would like to thank the USAID mission in Ethiopia for its collaboration in making the event successful and the same goes to the WTO Accession Plus

project that co-financed and collaborated in many ways in the process of planning and implementing the forum.

Update program website & brochure

The new and updated VEGA Ethiopia AGOA+ project website has been updated and uploaded to better serve the business community both in Ethiopia as well as importers interested in Ethiopian products from outside as well as the vast Ethiopian American community looking to invest in Ethiopia (www.vegaethiopia.org)

Pending activity

The project is planning to hold and provide training to the Ethiopian Customs Staff by utilizing the expertise of the US Customs Office.

II. Market Linkages

A. Linking Ethiopian companies with potential buyers

As part of its core objective of linking Ethiopian firms with US buyers, the VEGA project continued linking Ethiopian companies with potential buyers in the U.S. and also provided information to new clients looking for information on AGOA and looking for the DDI credit facility.

The project office closely worked with local representatives of a sourcing company based in the US (Stars Design Group) in getting contacts with more than six manufacturing companies to select from for putting an order with an estimated value of over USD 5 million. Two companies listed out for the order and promising result was achieved with both of the firms.

The team representing Star Design travelled to Ethiopia to visit the two companies in March 2009 and the VEGA office assisted in the logistics. The potential order included shirt jacket of 92,000 units and Henley and long sleeve crewneck shirt of 180,000 units. Discussions with a local factory is on going for an initial order of 600K pieces and a further 1.5 million pieces of garments for this year.

After meeting with the CEO of Stars Design group in Las Vegas, the COP and a representative of the Almeda factory discussed the needs of the buyer and invited the buyer to come to Ethiopia to ascertain what Ethiopia and its' apparel and garment industry possessed on sophistication. The CEO along with two of his staff members visited Ethiopia and closed the above deals. The CEO is now looking at opening his first sourcing office in Africa with an office in Addis Ababa to handle all logistics and orders for his sourcing needs from Ethiopia.

B. Trade show participation

The VEGA Project assisted one of the leading textile and garment companies (Almeda textiles) to participate at the 2009 Magic show in Las Vegas.

source
AFRICA



Almeda Match Making Brochure



MADE IN ETHIOPIA

ALTEX

ALMEDA TEXTILE P.L.C.



Almeda Textiles is a fully vertically integrated mill with a work force of 3100 employees, that can produce from cotton fiber unit to the woven or knit garments. With its state-of-the-art machineries and extensive production capacity, Almeda is producing best quality textiles and garments that can compete in the international markets.

PRODUCT RANGE:

- ☑ Twills, Drill, Shirting, Sheeting and Poplin Fabrics in any color.
- ☑ Work wear garments; Trouser, Bib pant, Overalls, Jacket and SHIRT,
- ☑ Men's Casual and dress Shirts, Trousers and Short,
- ☑ Hospital wear garments; Men/women coat, Patient gown, Nurse trouser and unisex jacket.
- ☑ Men's basic Crew neck and Polo tee shirts of any color.



Information

- ☑ **HEAD OFFICE/ FACTORY:** P.o. Box 117 Adwa, Tigray, Ethiopia
Tel. +251-347-711483/711543/7711914, Fax:+251-347-711654/539
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- ☑ **BRANCH OFFICE:** P.o. Box 13383 Addis Ababa, Ethiopia
Tel. +251-115-515938/526619/502934, Fax:+251-115-517442
almeda@ethionet.et
- ☑ **WEB SITE :** www.almedatextiles.com

Minimum order; 1x20ft Container in one style & 3,000 pcs per color Lead Time: 10weeks from the order confirmation for approximately 15000pc, Current customers; Champro sports & Starbucks: **DUTY FREE UNDER AGOA**

The assistance included partial coverage of costs and technical support during preparation and on the show. Almeda has been supported in having its match making brochure for distribution during the show. The Southern Trade Hub of USAID also collaborated in making Almeda's participation a success. It has been because of this support that Almeda managed was able to get hold of the sourcing company, Star Design Group mentioned under 'A' above.

2. Diaspora Direct Investment (DDI)

DDI PROJECT QUARTERLY UPDATE

The numbers for DDI are very strong with interest significantly larger than expected. The program has had discussions with more than 250 investors regarding the loan program. Approximately 95% have been Diaspora investors. The domicile (country of residence) of these Diaspora is also mixed with a majority from the US. Out of 50 official application the program has in its' possession, 26 have been from the States, while others are spread around the globe. The DDI loan facility, under the DCA program, had \$17.1 million which is about 188 million ETB in local currency (using \$ 11 as the conversion rate). Thus far (as of end of March) out of the 50 applications the program received, the demand for financing is now \$26.6 million USD or 293 million ETB. It should be noted that this is a huge demand given that the program is only about 4 months old and has not fully reached out to the majority of the Diaspora community globally. The program is anticipating to do a seminar / road-show for the US based Diaspora community in early summer which will most likely double (or better) the level of interest of the Diaspora.

The DDI team, after fulfillment of staffing needs has identified the goals of its assignment;

Encourage Diaspora community to come back and invest in Ethiopia

- The program has submitted 11 Diaspora projects to the financial institutions for approval equal to \$6.5 million USD or 71.1 million ETB
- The program is receiving increased interests in the program deliverables as well as applications from the targeted group
- When other outreach programs are implemented, these numbers are more likely to increase

Ensure investors have maximum chance of success

- DDI office in Ethiopia provides program knowledge sessions to ensure that documents submitted are in line with bank requirements
- DDI staff performs upfront due diligence on the projects to minimize processing time and delays once reaching the banks
- DDI staff makes follow up phone calls to both the investors and banks to ensure that loans are reviewed and processed in acceptable timeframe

Facilitate access to credit for Diaspora / Women

- The program has had a reach beyond its expectation thus far
- Over 250 investors with 54 applications in excess of \$26 million USD / 293 million ETB
- One loan approved \$845,455 USD / approximately 9,300,000 ETB
- Three loans in final approval stages \$1,636,363 USD / 18,000,000 ETB

Introduce modern banking processes to influence changes in the existing out-dated banking mentality (capacity building)

- Held several meetings and discussions regarding the banking system in Ethiopia with participating banks
- Included the input of The Bankers Association of Ethiopia in the training / technical needs
- Successfully finished assessing the needs based on meetings / feedback with interested parties
- In the process of selection a candidate that will be able to effectively provide the training needs (by a volunteer expert)

Provide training (technical assistance) to local banks

Please see above

Promote competition between local banks

- Currently promoting Diaspora projects with all participating banks to increase competition
- New initiative to hold meetings with Credit Managers and Loan Officers of various banks to create awareness and competition

Convince lenders that Diaspora / Women are creditworthy

- Impact will be observed over time as Diaspora investors are able to successfully implement their business plans and show profitability
- The creativity and experience of the Diaspora is already evident that the group is unique to the country

Help create jobs, open new markets and transform the local economy

- Many of these projects will / have created jobs (both temporary & permanent) in the local market
- The DDI program has been able to be the “source” of new business partnerships between local producers and foreign purchasers (particularly in coffee)
- The project has created the opportunity of Diaspora to form partnerships with other foreign investors to produce and market products globally (motor assembly plant)
- The local economy is being positively impacted by DDI’s ability to assist in the formation of new businesses which in turn employ local staff and produce income for the Government in the form of income taxes (this also will be visible once the approved loans are funded and new loans have been approved)

OUTREACH & PROMOTIONS

AGOA+ / WTO ACCESSION CONFERENCE

Participated in the AGOA+ / WTO Accession forum held on March 31, 2009. In this even, DDI made a presentation to local business persons as well as the media, what the goals and objectives are for DCA Loan Program / DDI Facility. Additionally, we provided a report on what we had achieved thus far in terms of volume of investors, loans processed, and success stories of loan recipients.

US TRADE REPRESENTATIVE FIELD VISIT

Hosted representatives from Office of the United States Trade Representative Ms. Florizelle Liser (Assistant Trade Rep. for Africa) and Mr. Patrick Dean Coleman (Director – African Affairs) in our offices at DDI.

A presentation was made by VEGA Ethiopia AGOA+ team to provide a better understanding of what the respective teams are doing in Ethiopia as well as show some of our accomplishments year to date.

Participated in a meeting hosted by USAID at their offices to introduce various investors that have participated in our loan program to our guests.

The DDI team invited two investors to explain their experiences with the DCA Loan Program as well as the issues or difficulties that they are faced with in doing business in Ethiopia. After the meeting, the Trade Representatives for Africa were well versed in and satisfied with the mission that we have undertaken. Our honored guests were also impressed with the investors' appreciation for the program and their dedication to development of Ethiopia.

LOAN PACKAGING & SCREENING

- **CURRENT DDI PROCESS** – The program has standardized the way it provide services to the targeted groups of investors that are seeking financing as follows;

INVESTORS

- Ensure that the investors are familiar with the type of service the program provides with our goal, mission and objectives
- Provide all the necessary information they need to successfully secure financing which includes all of the required documents banks need to process projects
- Collect relevant documents along with a business plan / feasibility study and build a file for each investor
- Review, analyze, summarize, and package the project in a format that is presentable to the partner banks for loan approval
- Follow up with the financial institutions as well as the project promoters to minimize delays in financing and field any questions / concerns

FINANCIAL INSTITUTIONS

- Screen projects / investors that are seeking financing through loan program
- Collect all required documents, as dictated by the banks, necessary for the processing of loans
- Provide summary analysis of project, including viability & profitability of project
- Package and present loan proposal to the bank credit managers
- Meet with bank officers to address issues related to investors, current lending environment, and understand the needs of the financial institutions

LOAN SCREENING

- Hold initial meeting with investors
- Review all documents presented for the project
- Perform analysis of project (including project site visits)
- Ensure that investor has sufficient equity and collateral as required by the banks
- Filter out the projects that meet the requirements of the banks and present the projects that qualify based on our analysis and bank criteria

LOAN PACKAGING

- All of the projects that come through our program are prepared and presented to the bank in a format that is comprehensible

The analysis the program produces various sections including the following;

- Executive Summary
- Business Plan
- Financial returns / Profitability
- Risks / Mitigates
- Sources & Uses of funds
- Promoter / Management
- Collateral adequacy
- Socio-Economic benefits
- Files which are ultimately provided to the banks include complete documents including business plan, proper investment permit / license, land plan and permit, tax identification certificate, article of incorporation (Plc, share, or private entity), collateral documentations, as well as bill of quantities / invoices of costs related to project

RISK RATING SYSTEM

DDI is currently in the process of assessing the type of risk rating system the banks have in place (if any). The idea is to have a simple but effective way of measuring the riskiness of the proposed project. The program plans to have a list of criteria's that are relevant to assessing risk (input required from banks), and then to have a weight applied to each category. The final output will generate a rating (either in letter grade or a number grade), that will guide the

decision making of the credit committee or officers. The system will be excel based and will be distributed / shared to the participating banks

The above mentioned risk rating system will be the initial phase of gathering information to have a model that will eventually be upgraded to a formal database or application that will be standardized to all banks (including the DDI team) to determine riskiness of the subject proposals

TRAINING PROGRAMS

DDI has successfully met with Awash Bank, Dashen Bank, NIB Bank, Bank of Abyssinia, and Ethiopian Bankers Association representative, to collect information related to their needs in building capacity in order to serve our targeted investor groups

- An assessment report (ToR) has been drafted and circulated

Based on our review and analysis, the following training needs have been identified;

- Financial statement / cash flow analysis
- Sector specific project analysis
- Credit analysis, tracking, and monitoring techniques
- General based project proposal analysis
- Risk / portfolio management (post credit approval)
- Data management, and
- Excel based financial modeling
- Based on the identified needs, DDI is currently searching for a Volunteer Expert (VE) that will be able to successfully conduct training as described above
- Tentative dates set for the training is May 21, 22, and 23 (subject to change)
- It is expected that approximately 50-65 attendees will participate (subject to change)

LOAN PROFILE OF THE QUARTER

On February 25th of 2009, the DDI team has successfully facilitated the loan approval for a project named Kelly Resort, a luxury ecotourism center in Nazareth (Adama) located 100 km south of Addis Ababa. The Center will consist of high-end room rentals, international standard conference center, gift shops, art gallery, beauty salon, swimming pool & fitness center, and other services that are designed to target tourists, expatriates, dignitaries, and high income earning local Ethiopians.

The approved loan amount is 9,298,935 ETB with Bank of Abyssinia providing the financing. Based on the projections of the proposed business plan, it is anticipated that the project will yield a profit of 1,547,5222 birr (393,340 birr underwritten by DDI) during the first year of operations, while it is expected to yield a profit of 7,683,683 birr at year 5 of operations.

Ms. Kelly Yohannes is the owner and promoter of the project, whom has many years of experience working as peace advocator in the in United Nations at a higher level. As an Environmentalist, Ms. Kelly is an enthusiast for protecting and nurturing the environment. Due to her participation in the conservation of environment from deforestation, she has received numerous high rank and prestigious awards.

Mrs. Kelly Yohannes has been chosen and awarded the “Best Environmentalist” in Ethiopia for her effort to conserve the environment. Ms. Kelly Yohannes received her award from the President of the Federal Democratic Republic of Ethiopia, H.E. Girma W/Giorgis, as well as from the President of the Oromia Regional Government – H.E. Abadulla Gemedda.

3. Chamber Support

Summary:

During the first quarter of 2009, the VEGA Ethiopia AGOA+ Chamber support element undertook a number of tasks to support sustainable export development under AGOA through the strengthening of Business Membership Organizations (BMOs). Accordingly, the main accomplishments in this regard were the continued support provided to the fledgling and new American Chamber of Commerce in Ethiopia (AmCham Ethiopia) and the development of a new partnership with the Center for International Private Enterprise (CIPE) to provide further capacity development for AGOA eligible sectoral associations and AmCham Ethiopia.

Regarding the newly established AmCham Ethiopia, which the VEGA team helped to form, the challenge has been to maintain and live up to the expectations created by a glamorous and well executed launch ceremony attended by the who’s who of the business community as well as leaders in the Government of Ethiopia and the donors community. The team provided a number of support activities to keep the organization moving including the finalization of negotiations to bring on board the new General Manager of the organization from the Corporate Council on Africa which will be covering the professional’s salary for the upcoming two years.

In addition, as the program’s aim to create a sustainable path to successful Ethiopian exports under AGOA involves the capacity building of relevant associations who can carry on the export promotion work after the project ends, the VEGA AGOA+ team has created a partnership with the Washington DC based Center for International Private Enterprise which will be delivering capacity building support to the Ethiopian Textile and Garment Association, the American Chamber of Commerce in Ethiopia, Ethiopian, Oilseeds and pulses associations, Ethiopian Industries Association, Oromiya Agricultural Investors Association, and several others who may be relevant in export promotion in the regions of Tigray and Oromiya.

This report is organized to detail the two major accomplishments of the period and list the other major activities undertaken. The program will continue to support AmCham and other AGOA relevant associations in the coming quarter.

1. Support to the American Chamber of Commerce in Ethiopia

Following the launch of the American Chamber of Commerce in Ethiopia, only the third in Sub Saharan Africa, expectations were raised as to what the organization can mean for the development of two way trade and investment between the United States and Ethiopia. In all, over 40 membership applications from some of the largest firms in Ethiopia were received by the AmCham following the launch event. The new board of the AmCham having little resources and capacity needed to respond to this challenge and the tremendous opportunity across the horizon. The new chamber needed technical support, financial support, and human resource support.

Technical support was provided by VEGA Ethiopia in terms of helping the new organization to think through a development path it could take to meet its objective of serving its existing and new members as well as its goal of promoting two way trade and investment between Ethiopia and the United States. These included the seconding of a Volunteer Expert, Ms. Susan Slomback, who has extensive global experience in developing and running business membership organizations, including an American Chamber in the past. A rough roadmap as to how VEGA Ethiopia can support the development of AmCham was prepared and discussed with the board. The board received the roadmap well and asked for further support along these lines.

VEGA Ethiopia also undertook the following activities in support of AmCham:

- Support for the conceptualization of a membership vetting guidelines and process
- Advice on how to develop rules and regulations for the operation of the Board of Directors
- Terms of Reference were drafted for three new staff positions for the American Chamber of Commerce in Ethiopia secretariat. These positions were for General Manager, Assistant General Manager, and Executive Secretary
- Consulted the board on organization of its first business luncheon addressing the currently urgent issue of the financial crisis and its possible effects and medium term prospects for business in the Ethiopian context.

With regards to the development of human capital, the VEGA team concluded an agreement with the Corporate Council for Africa, which seconded its Membership Director, An Ethiopian American, to run the AmCham Ethiopia for the upcoming two years. Ato Asfaw Alemayehu, who brings extensive experience and network of contacts crucial for further development of AmCham Ethiopia arrived in Ethiopia and commenced his work program on April 1, 2009. He will be responsible for the day to day running of the organization and alleviate the current heavy pressure endured by the board of directors who have been forced to meet on a bi-weekly basis and undertake the tasks of running the organization on their own. Ato Asfaw is also responsible now for recruiting and training an Assistant General Manager who is envisioned to take over and run the organization after two years' time.

While technical assistance and human resource support were crucial for the operation of AmCham, the organization still faces the daunting task of raising funds to help run it. Accordingly, VEGA Ethiopia has continued the process of negotiating and playing an

intermediary role between USAID Ethiopia and the board of AmCham for the release of the support fund already allocated for this year. It is expected that the funds will be released and utilized during the upcoming quarter.

2. Capacity building support o Membership organizations

Given the broader objective of building the capacity of local business membership organizations in Ethiopia to ensure constant and sustainable growth of exports from Ethiopia, the VEGA team created a working arrangement with the Washington DC based Center for International Private Enterprise (CIPE) to deliver capacity building support to organizations working on AGOA eligible export products. Accordingly, VEGA worked with the staff of CIPE in Ethiopia to arrange site visits for the visiting delegation of CIPE from Washington DC which included the Vice President of CIPE for Africa and Middle East operations. The successful visit concluded with an agreement for CIPE and VEGA Ethiopia to work together in a program of activities designed to build the technical capacity of the selected organizations to develop and execute sustainably.

The selected organizations include:

1. The Ethiopian Textile and Garment Association
2. The Ethiopian Pulses, Oilseeds, Spices, Producers and Exporters Association
3. Ethiopian Industries Association
4. Oromiya Agricultural Investors Association
5. The American Chamber of Commerce in Ethiopia
6. The Regional Chambers of Oromiya and Tigray

Following the agreement to work together, a Diagnostic assessment of this organization has been carried out to discover the limitations of these organizations. Currently, a technical assistance and training program is being developed to help solve the identified shortcomings in these associations. The trainings that will be carried out in the upcoming quarter include:

1. Strategic planning development and execution
2. Membership marketing
3. Business policy advocacy program development and execution
4. Other relevant topics identified by the diagnostic

3. Other Activities and Accomplishments During the Quarter

Various activities were undertaken during this quarter that support VEGA Ethiopia's overall goals of increasing Ethiopian exports to the U.S under AGOA. These include but are not limited to the following:

- a. Continued representation of VEGA Ethiopia and USAID Ethiopia in the Donors Assistance Group on Private Sector Development and Trade.

- b. Helped to coordinate donors' support to BMOs and provided input and insights given VEGA Ethiopia's ongoing involvement and expertise with BMO promotion in Ethiopia.
- c. Support for the organization and execution of a business forum in partnership with the other USAID funded project on trade, WTO Accession plus operated by Booz Allen Hamilton
- d. Supported USAID Ethiopia funded project to identify the constraints of doing business in Ethiopia and the sophistication of enterprises. The study spoke with 55 enterprises within the space of two weeks. The output of this research project which was logistically supported by the VEGA team 100% is to be used to better inform USAID Ethiopia produce better programs to address private sector development and export in Ethiopia.
- e. Helped to organize and run a forum for Ms. Floizel Lisel, the Assistant Trade Representative of the United States Government to Africa. The aim of the team was accomplished in that Ms. Lisel left with an accurate understanding of the challenges and opportunities that exist in the Ethiopian private sector.
- f. Discussed and agreed with the USAID funded WTO accession plus project on a framework to collaborate on trade and export awareness raising workshops to be held in the multiple regions of Ethiopia.

III. Planned Activities for the Second Quarter of 2009

A. AGOA

Activity
Continued linking Ethiopian companies with potential buyers in the U.S. and also providing information to new clients looking for information on AGOA, AmCham and DDI services
Assist companies to access WRAP certification (in collaboration with ILO, MoTI and ETGAMA)
Assist in the functioning of the AmCham
Assist in the implementation of DDI project
Training to Customs Authority
Assist ECCSA based on support request to be received

B. DDI

Activity
The program manager to head to the US to discuss project with relevant partners (Embassy, US Diaspora groups, recruit training personal for banks)
Training for banks as per the above report
Facilitate loans for firms who have filled out the needed forms

C. AmCham

Activity
Hire the staff for the new office
Facilitate the first Breakfast meeting with members
Facilitate new membership criteria
Organize the first Amcham event (luncheon)
Set up various committees for the Amcham