



**VEGA Ethiopia AGOA+ Program**

**Quarterly Performance Report  
April 1 to June 30, 2007**

**Leader with Associate Agreement (LWA)  
EEM-A-00-04-00002-02**

**Associate Cooperative Agreement  
663-A-00-05-00430-00**

**Prepared for the United States Agency for International Development (USAID)**

*Implementing Organization:*



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## **EXECUTIVE SUMMARY**

On July 25, 2005, USAID awarded VEGA an Associate Cooperative Agreement, No. 663-A-00-05-00430-00. The main goal of the program is to support economic development in Ethiopia through the development of export trade from Ethiopia to the US and other international markets.

This report covers activities undertaken by VEGA during the third quarter of FY 2007, April 1 to June 30, 2007. All activities undertaken by the program are compliant with the annual work plan. The major activities undertaken to date have contributed to promoting Africa Growth and Opportunity Act (AGOA+) benefits to the Ethiopian business community and members of the Ethiopian Chambers of Commerce.

During the past quarter:

- The project held a forum with the Diaspora,;
- Met with relevant US Government offices in DC;
- Held a meeting with the US Chamber of Commerce;
- Played a critical role in arranging a trade mission to Ethiopia;
- Participated in various market linkage opportunities; and,
- Compiled a study on AGOA/GSP eligible products from Ethiopia

The COP was asked to be a part of a panel on a World Bank Workshop held in Addis Ababa, in late June, entitled “Accelerating Private Sector Led Growth in Ethiopia: Investment Climate and Competitiveness.” The forum had experts from the US presenting on trade and investment in Ethiopia.

**The total AGOA/GSP exports from Ethiopia to the US through (May 2007) is USD4.07 million, up from USD3.2 million for the same period of 2006 (Data compiled from the US International Trade Commission).**

## **I. PROGRAM ACTIVITIES**

### **US Trip**

VEGA’s Chief of Party (COP), Addis Alemayehou, visited Washington, DC, to meet with various offices with a presence in Ethiopia, as well as hold a one-day forum, called “AGOA and the WTO Trade Forum,” for the Ethiopian American community.

The meetings were with offices of the United States Department of Agriculture, the US Trade Representative, the US Chamber of Commerce, the Center for International Private Enterprise, The Whitaker Group, Congressman Mike Honda, and The Ethiopian Embassy.

The COP also met with the USAID Africa Bureau staff to update them on the VEGA Ethiopia program and on what VEGA has achieved to date. It also gave the COP an opportunity to solicit more support for the program and other private sector development efforts in Ethiopia.

### **Diaspora Trade Forum**

VEGA, with The Ethiopian American, an online magazine, held a half-day workshop on trade and AGOA, in Washington, DC, on April 28. Close to 65 people attended the forum.

The COP gave a presentation on AGOA and the VEGA Ethiopia project. Mr. Bruno Cornelio, of USAID, and Commissioner Irving Williams, of the US Trade Representative's office, briefed the attendees on WTO and the role of USAID in private sector development in Ethiopia.

The forum was enlightening for the audience as they were unaware of AGOA and the various opportunities it provides for Ethiopians residing in the Diaspora. The VEGA Ethiopia AGOA+ program has been reaching out to the Ethiopian American community in regards to market linkage as well as inward investment. This forum was another opportunity to provide feedback and on going consultation with the Diaspora on the possibility of a partnership with the Ethiopian American community.

A representative of the Ethiopian Embassy in Washington DC was present at the forum to give feedback and background info on the current investment climate in Ethiopia, as well as some of the services provided by the Embassy.

### **US Buyers Mission to Ethiopia**

#### **Introduction**

VEGA, in partnership with the US Embassy in Ethiopia and the USAID mission, was tasked with implementing a buyers' mission to support a group of Ethiopian women exporting goods internationally and who work with the US Embassy.

The US Embassy, through the Ambassador, has been working with close to forty-five women-owned businesses to encourage teamwork, capacity building, and trade. As part of this objective, the US Ambassador to Ethiopia encouraged and supported the team to work towards identifying and bringing in major US buyers of handicraft products to Ethiopia to establish linkages and relationships. Handicrafts represent the product line of roughly 80% of the members of this exporters' group.

#### **Pre-trip planning**

VEGA's COP, with Kelly Mitchell Clark (Small Projects Coordinator at the US Embassy), Nicolas Namba (of the Political and Economic Affairs section at the US Embassy), Shumet Chanie (Senior Trade Specialist at USAID), and John Stamm (Private Enterprise Officer at USAID) were the principals in the planning and execution of the above task.

The first meeting of the project task force was carried out in the first week of March, at which time the timeline for the buyers mission, as well as the tasks to be performed by the various offices, was laid out. The taskforce at this meeting decided to hold the buyers' mission from May 9 to May 12 to coincide with the semiannual handicraft bazaar held at the Tropical gardens. Each of the principals had specific tasks.

COP of the VEGA AGOA+ program in charge of

- Identifying and communicating with the buyers
- Program layout for site visits
- Funding the local costs of the buyers (Hotel, per diem)
- Assigned as the in country guide/host to the buyers

The US Embassy staff in charge

- Arranging travel tickets for the buyers
- Arranging the Handicraft bazaar for the women producers
- The overall schedule for the in coming trip
- Transportation in-country for the buyers
- Hotel booking at the Sheraton
- Coordinating and informing the women export group of the event
- Dinner with the Ambassador
- Press coordination

USAID Staff

Arranging and planning of the workshop to be held by the buyers for the local women producers.

### **Women's Workshop at USAID**

In April, the task force, with the support of Kelly Michele Clark and the USAID office, held a two-hour workshop with the members of the women's group. The workshop aimed to inform and update the group on the upcoming mission and to answer any outstanding issues and concerns from the group.

The information session was done in a way to both enlighten the women as well as to let them know of the main issues they will confront, such as: product quality, email communication, on-time delivery, costs, and the need for teamwork and coordination.

The women also received a schedule of the buyers' mission that included the names and contact details of the buyers. This gave the women an opportunity to research the buyers and their product lines, as well as a chance for the women to contact them directly to start the process of building a relationship.

## The Buyers' Mission to Ethiopia

James Timothy Kunin  
CEO, [CharityUSA.com](http://CharityUSA.com)  
[www.thehungersite.com](http://www.thehungersite.com),  
[www.thebreastcancersite.com](http://www.thebreastcancersite.com)

Lana Quibell  
Vici International  
[www.viciinternational.com](http://www.viciinternational.com)

Phyllis Woods  
Tribal Links  
Rob Walker  
Managing Director, Ashanti Design  
[www.ashantidesign.com](http://www.ashantidesign.com)

Joyce Burkholder  
Purchasing Director, Ten Thousand Villages  
[www.tenthousandvillages.com](http://www.tenthousandvillages.com)

With travel plans, tickets, hotel and local schedule, the buyers arrived in Ethiopia on May 8. All arrangements were made to present a welcome package that included information on Ethiopia, the local schedule, list of women exporters, and a welcome briefing upon arrival at the Hotel.

The schedule of the trip with comments is below.

<b>Wednesday, May 9</b>	Buyers arrive
<b>Thursday, May 10</b>	Buyers spend the day visiting selected factories (Muya, GMM Garment, Sabahar, Trio Craft and Ethio Sung Bin).
<b>Friday morning, May 11</b>	Buyers attend Designers and Artisans Bazaar to view products made by women entrepreneurs and others from 10 a.m. to noon
<b>Friday afternoon</b>	Buyers conduct workshop on “What Buyers Want” at GTZ from 2:00 to 4:30 p.m. WEG members and Artisans Bazaar participants are welcome.
<b>Friday Evening</b>	Buyers attend Dinner at US Ambassadors residence
<b>Saturday, May 12</b>	Buyers attend leather products exhibit at Fintrac from 10 to 11 a.m.
<b>Saturday evening</b>	Buyers depart Ethiopia

## Site Visits

The Site visits were done so as to show the status of the Ethiopian producers, the quality of the workplace, to get a gauge of the talent behind some of the products, and to introduce some of our leading producers at their respective production sites.



It covered five locations with products ranging from textiles, leather, and garment production. The buyers made inquiries as to the products, salary scale paid to employees, raw material input, and logistic issues related to Ethiopian exports.

## Handicraft Bazaar

The buyers spent the second day at the Semi-Annual Handicraft Bazaar, in Addis, organized by some of the leading artisans in Ethiopia. The Bazaar, with over 80 exhibitors, was the perfect venue for the US buyers to see what Ethiopia has to offer and to talk and deal directly with local vendors.

Ms. Clark played an instrumental role in coordinating with the organizers of the bazaar who gave the women exporters a prominent location that was instrumental to the overall success of the mission.

All of the buyers had ample time to walk around and see the products on display, ask questions directly of the producers and exporters, gauge their quality controls and pricing schemes, and inquire about other management issues without the intermediation of the task force team. By

allowing the producers and buyers communicate directly, both had a free hand to decide on the next steps.



The taskforce worked behind the scene to make sure that the buyers had ample time to visit all the booths at the bazaar, provided input when needed & translation services as requested.

### **Workshop**

After a morning at the bazaar, the task force arranged a two-hour workshop held at a nearby hotel entitled “What US Buyers Want.” The workshop was open to all of the participants of the bazaar interested in the export market. The main points raised by the buyers were:

**Communications:** This was a point raised by all of the buyers as crucial to any relationship with international clients. All of the buyers noted that without effective and quick email communications no buyer would continue the relationship.

**Product development:** The buyers highlighted the issue of new product development versus copying styles from others. The buyers commented that most of the products they saw at the bazaar were very similar and there needed to be more design with an Ethiopian cultural reflection instead of copying products found already in the international markets.

**Price:** The buyers commented that pricing was very critical for Ethiopian producers. They expressed that most producers they met did not understand the difference between wholesale and retail prices. They also found prices in Ethiopia too high and commented that more should be done to develop cost-cutting mechanisms and to find ways of pricing goods to make them more attractive to the export market.

The buyers suggested working with international NGO's, such as Aid to Artisans, as a way to move forward with the issues of product development, cost analysis, marketing, business management, and marketing. Not only would this aid Ethiopian producers in developing their knowledge of business basics but it would also develop the confidence level for buyers knowing that producers were working with such a group.

### **US Ambassador Dinner**

The day concluded with a formal dinner at the residence of the US Ambassador, with the Ambassador, buyers and invited guests in attendance. The buyers were impressed with the fact that the US Embassy and the Ambassador would put this much effort in making them feel welcome.

As stated by all of them, this was the first time that any Embassy had done this for them and this gesture showed them the level of commitment from the US Government towards the success of the mission and trade with Ethiopia.

Having a partner like the US Embassy behind such a venture was one of the main points in making them decide to source from Ethiopia.

### **Deals Made**

The primary objective of the buyers' mission was to develop relationships between international buyers and Ethiopian exporters. The target set as an objective measure of mission success was the generation of USD 50,000 in new export contracts. The deals signed and secured between buyers and producers is listed below. This only reflects the first order and, judging from the level of interest among the buyers and initial impressions of the producers, we feel this is only the beginning of these business relationships.

James Timothy Kunin: USD 20,000 from various sources including Muya, Sabahar, Trio, and other local leather and jewelry producers; additionally, Mr. Kunin bought samples worth USD 3,000

Lana Quibell: USD 20,000 with Muya; signed an exclusive deal to source from Sara Abera.

Phyllis Woods: USD 18,000 from Muya, Sabahar, and other jewelers in Addis Ababa; additionally, bought samples worth USD 2,000

Rob Walker: USD 25,000 under negotiation with various suppliers; additionally, placed orders and requests for orders in jewelry, textiles, and home accessories; looking for long-term partners and currently working with a few suppliers on price and product samples; bought samples worth USD 3,000

Joyce Burkholder: currently working on a partnership with Selam - one of the jewelry producers from the women's group mentioned above; contacted Ethiopian Airlines to negotiate special export rates to the US; Ten-Thousand Villages is one of the largest buyers of handicraft products in the world and one of the leading fair-trade organizations in the US; this could be critical for lifting Ethiopia's profile within the sector

Confirmed sales to date as a result of this mission are USD 70,000. With additional information continuing to arrive from the buyers, this mission may result in direct sales of **over USD 200,000**. VEGA will maintain contact with the buyers and producers to provide updates on these results, intermediate when necessary, and ensure that exporters have the capacity and capability to meet the desires of these and future buyers.

## **Conclusion**

The major lesson learned from the buyers' mission has been that bringing buyers to Ethiopia and nurturing personal contact provide quicker results and potentially longer-term benefits. The buyers' experience Ethiopian people, culture, and cuisine providing a personal connection with the country that will go deeper than just business meetings. Buyers also bring experience about the needs, trends, and desires of international markets that can inform producers in Ethiopia and thus provide a greater potential for growth. Further, the business experience of buyers can assist business service organizations (BSOs) by highlighting areas of needed improvements among the producers. In particular, VEGA learned that it needs to focus assistance to producers in areas of product development, marketing, IT communication, pricing, and basic business management. The buyers' mission provided all participants with a clear way forward.

## **American Chamber of Commerce**

VEGA's COP has been working with the US Embassy and the USAID mission in Ethiopia to start an American Chamber of Commerce in Ethiopia. As a result, the first Chamber Board of Directors meeting was held this quarter and the Board decided that VEGA's COP would present the application to the American Chamber of Commerce office in Washington, DC, as he had a visit to the US planned already.

Starting an American Chamber of Commerce in Ethiopia was one of the target goals of this program in support of increased trade between Ethiopia and the US. Having an American Chamber in Ethiopia will build confidence in US firms trying to work in Ethiopia and may serve as a starting point for Ethiopian Americans looking to start a business in Ethiopia.

During the visit to Washington, DC, VEGA's COP met with the head of the US Chamber of Commerce for Africa. They discussed the opportunity for US firms in Ethiopia and the need for a Chamber presence in country. We expect the American Chamber of Commerce application to be completed and a fully functional American Chamber of Commerce set up in Ethiopia during the next quarter.

### **USTR Director Bill Jackson**

The Director was one of the invited guests for the above-mentioned World Bank forum and VEGA's COP used this opportunity to meet with Mr. Jackson to discuss the VEGA program in Ethiopia. VEGA's COP took the Director to a number of the VEGA program's beneficiaries to provide a better understanding of the Ethiopian private sector and present to him some of the faces of Ethiopian exports to the US. Among the firms visited were a flower farm, a honey-processing factory, a handicraft producer, and a shoe factory. The Director was favorably impressed by both private-sector diversity in Ethiopia and the extent of VEGA program activities. Mr. Jackson provided positive feedback on VEGA to the USAID.

*"I just wanted to thank you and your team, especially Addis Alemayehou, for making my short visit to Addis Ababa last week so productive. The World Bank private sector conference was unusually successful, the session with the PM being particularly memorable, and I was impressed with USAID/Ethiopia's profile and involvement in that event.*

*I also appreciated the visits to the shoe factory, handicraft factory, flower farm, and honey processor -- all of which represent current or prospective opportunities under AGOA. I am convinced that AGOA exports from Ethiopia are poised to take off -- they are already projected to nearly double this year -- especially if the GOE can be convinced to loosen up existing controls on the banking and telecom sector.*

*USAID/Ethiopia is clearly making an impact on AGOA and economic growth in general. It was also clearly evident that the work that Addis is doing under the VEGA program is bearing fruit -- everyone I met volunteered how helpful he had been in facilitating contacts with the U.S. market. I look forward to continuing to work with you and your team."*

*Director USTR  
Bill Jackson*

### **AGOA+ and the ECC**

VEGA continues to engage the Ethiopian Chamber of Commerce (ECC) through our partnership project at the ECC.

During the past quarter, the partnership has:

- Participated at the validation workshop organized by the Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSAs) representing the ECC and Sectoral Associations (ECCSAs). The workshop focused on discussions related to a study done on Ethiopia's accession to the WTO. The study dealt with the GATT/WTO system, reviewed Ethiopia's economy and preparations to-date to accede to the WTO, processes and terms of accession to the WTO, and other relevant issues. Participants were from the business community, sectoral associations, donors, and government offices. USAID's COP for WTO accession gave a presentation on Ethiopia's status in joining the WTO. He urged the Ethiopian private sector to participate actively in the negotiation process and to take part in the WTO meeting, in Geneva, at the end of the year.

- Prepared a list of companies working closely with AGOA and requested the trade information center of ECCSA to assist in following up to verify their membership in the AACCSA. The intention of this activity is to encourage companies to become members of their local city chambers/sector associations if they have not done so already. This furthers the goal of AGOA to increase business participation in local chambers.
- Followed up on the progress of the AGOA product list study that two interns are compiling. Advised on the strategy to develop more detailed and accurate information from both the public and private sector offices. Introduced the two interns to the head of the trade information center of ECC and requested their collaboration in the work of the interns.
- Participated in the meeting of donor groups invited to the ECCSA for discussions of possible future collaboration. ECCSA's new president and new Members of the Board introduced themselves to donor representatives and explained the vision of the newly organized chamber system. They also indicated areas of capacity limitation and the type of assistance needed from donors engaged in private sector development. Donor representatives included VEGA, the German Agency for Technical Coordination (GTZ), the International Labor organization (ILO), the Dutch Embassy, and the Rhine-Main Handcrafts Chamber (HWK-RM).

Major areas of support identified were: (1) re-branding of ECCSA; (2) needs assessment of existing and newly established regional chambers and sectoral associations; (3) establishment of information database; and, (4) development of business and strategic plans.

VEGA pledged to assist with the preparation of a strategic plan for the new ECCSA. The ILO promised its assistance in developing and populating the database. GTZ expressed interest in assisting sectoral associations and HWK-RM will assist in the needs assessment of the new chambers and sectoral associations.

## **II. MARKET LINKAGES/JOINT VENTURES**

### **Starbuck's Sourcing**

The sourcing opportunity with Starbuck's continues and VEGA works with the concerned Ethiopian firms to ensure timely communications and delivery of samples and price quotations.

VEGA's COP met and discussed the sourcing opportunity with Ms. Rosa Whitaker of the Whitaker group in Washington, DC, on April 27. The discussion confirmed VEGA's commitment to Starbuck's and our readiness to provide any necessary support for future sourcing opportunities coming through the Whitaker Group.

The sourcing agent and VEGA finalized all due diligence per contract. The next step is for Almeda Textile to make samples and send to Starbuck's. Once Starbuck's approves the samples, they will place their first order of 140,000 aprons. The high visibility of Starbuck's could serve as a strong promotion for Ethiopian producers.

### **InterAsian**

VEGA has been in contact with Mr. Victor Ozeri, the CEO of InterAsian ([www.interasian.com](http://www.interasian.com)), since October 2006, to source from, and possibly invest in, the textile and garment sectors in Ethiopia. After extensive discussions and communications, Mr. Ozeri visited Ethiopia in May to meet with a local partner on a joint venture opportunity established through VEGA.

With the advice and direction given to both parties by VEGA's COP, the two partners have concluded an agreement to establish the first and only American garment/textile joint venture in Ethiopia.

VEGA met with the USAID's CTO for its AGOA+ program, as well as members of the BEAT office and the two partners in this venture, to inform USAID of the agreement and seek continued support for this joint venture.

### **Simba Holdings**

In April, VEGA's COP met and discussed the opportunity to source garments from Ethiopia with Mr. Yiehnew of Simba Holdings ([www.simbaholdings.com](http://www.simbaholdings.com)). Simba Holdings is a minority-owned firm based in New York that sources from about seven African countries for import to the US. After extensive discussions and communications, VEGA's COP managed to secure two orders worth about USD 2 million from Simba Holdings to be sourced in Ethiopia.

As agreed, these two orders will be a trial for Simba Holdings and, depending on the quality and the delivery time, Simba Holdings has assured VEGA that they will use Ethiopian factories as a priority for future sourcing from Africa.

### **JCM& Associates Inc, (www.jcmassoc.net).**

VEGA has added a new sourcing partner to the list of buyers from the US. JCM is a major sourcing agent that deals with brands through out the US. They have sourcing offices in Asia, the US, and Africa. VEGA has helped finalize agreements to work with JCM for future sourcing opportunities from Ethiopia and JCM has agreed to source the first consignment of 1.3 million t-shirts from Ethiopia.

VEGA played an instrumental role in linking various Ethiopian factories with JCM. JCM announced it will work with MAA garments, one of our garment-producing clients to purchase t-shirts and other garments from this particular factory. Currently, VEGA is in discussions with

JCM to open a sourcing office in Ethiopia and we have assured them that our office can and will facilitate such ventures.

### **Ethio-American Trade and Investment Forum (EATIC)**

The project has a new partner in EATIC, a Houston-based trade and investment NGO. The project has compiled information on textile and garment companies and forwarded this to the EATIC contact. EATIC is a non-profit; non-partisan organization dedicated to promoting trade and investment links between Ethiopia and the United States. More information about EATIC can be found from: <http://www.eatic.org/>

## **III. PLANNED ACTIVITIES FOR NEXT QUARTER**

### **EAST Trade Hub**

VEGA, working with the Africa Fast Track Program and the ECA Trade Hub, has secured one space to send Beza Mar, one of the local specialty food suppliers, to the New York Specialty Food Show, in July 2007. Beza Mar was also present at last year's show, in Chicago, at which time they made some contacts with interested US buyers. VEGA has been at the center of Beza Mar's new partnership with a US marketing office and is providing advice and assistance to both sides. Beza Mar has just recently received its ISO certification and has also passed the organic certification stage which should be finalized in July.

### **AGOA forum**

VEGA's COP will attend the AGOA forum, on July 17, as a member of the Ethiopian delegation led by the Minister of Trade and Industry.

### **Diaspora trade and Investment forum**

VEGA, with other donors in Ethiopia, will hold a trade forum on September 16, for the incoming Ethiopia Millennium. The forum will highlight some of the best Ethiopian producers and panelists of successful returnees talking about their experiences and opportunities for investment in Ethiopia. The US Embassy and the USAID mission in Ethiopia will co-sponsor the event through VEGA.