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Volunteers for Economic Growth Alliance

VEGA 2009 Quarterly Report 2

(April 1, 2009 – June 30, 2009)

**LEADER WITH ASSOCIATE AGREEMENT (LWA)
EEM-A-00-04-00002-00**

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

**Volunteers for Economic Growth Alliance
Leader Award EEM-A-00-04-00002-00**

Quarterly Report 2 (April 1, 2009 – June 30, 2009)

This is the second Quarterly Report submitted to USAID for 2009. This report covers what VEGA has accomplished in the period from April through June 2009.

Part I. Governance

A. Administrative Matters

On June 12, 2009, VEGA received approval of the Tax Exempt Status application submitted to the IRS at the beginning of this year. The purpose of the Tax Exempt Status is to allow VEGA to diversify its funding sources and become a self sustaining not for profit organization.

At the beginning of June, VEGA received a request from Aid to Artisans to become a VEGA member. The application has been accepted, and VEGA determined that Aid to Artisans meets the membership eligibility requirements as stated in the LWA. Aid to Artisans will sign the VEGA membership agreement in the beginning of July.

During this quarter, VEGA finalized and printed its 2008 Annual Report, which has become the prime marketing piece used for outreach to USAID Missions. The VEGA staff has distributed the report to Member Organizations to ensure that they have a toolkit to present VEGA's capabilities when visiting field missions.

On June 26, USAID processed a modification to VEGA's Leader with Associates Award, which increased the obligated funding amount and revised the language regarding the process for mobilizing resources in order to improve the process VEGA uses to score member applications to RFAs.

B. Board Meetings

During this quarter, VEGA held Board Meetings on April 30 and June 11, 2009. The agenda items included: VEGA's Reincorporation, the VEGA 2008 Audit, and updates on the VEGA Secretariat. The meetings focused on in depth discussions about VEGA's finances and self sustainability goals.

Notes from these meetings can be made available upon request.

C. Independent Audit

During this quarter, year 2008 Audit was performed by McGladrey & Pullen, and was completed in April 2009.

D. VEGA Finances

- VEGA established a letter of Credit with BB&T for \$100,000 upon the Board's instruction in June.
- All findings, pertaining to the 2008 Audit were resolved.
- VEGA received its new NICRA rate from USAID on June 10, 2009 of 4.89%.
- During the quarter, VEGA submitted expenditures of \$136,590.59 to USAID.
- Received LWA modification for additional funding for FY-2010 in the amount of \$475,000.
- Resolved all prior overspend issues with Harry Pimpong, USAID/Washington.
- Received new project for Lebanon in the amount of \$1,609,755.
- Collected \$8,925.13 & \$2,113.09 from member organizations FSVC and CDC respectively, for overpayment made for the Bulgaria program.

Part II. Outreach

Meetings and Representations

At end of May, Maureen Katuvesirauina, VEGA Portfolio Manager, conducted a marketing trip to South Africa and Namibia. She made presentations on the capabilities of VEGA's member organizations and the scope of the VEGA project portfolio. The meetings resulted in productive discussions and the submission of a concept paper to USAID/Namibia entitled "Promoting Namibia's Democracy and Governance through Economic Development." A copy of the trip report and concept paper can be made available upon request.

At the end of June, the VEGA Executive Director and Portfolio Manager attended the Business Growth Initiative (BGI) and Global Sustainable Tourism Alliance (GSTA) meeting on how to build profitable craft businesses. The meeting was facilitated by David O'Connor, the President of Aid to Artisans, with an informative presentation on the best practices and lessons learned in providing assistance to handicraft entrepreneurs, enterprises and markets.

Newsletter Headlines

- *USAID Awards \$1.9 Million to VEGA to Support Microfinance in Lebanon*
 - USAID recently awarded VEGA \$1.9 million to support USAID's current economic growth portfolio in Lebanon by responding to the high demand for microfinance and stimulating an economic revival of poor communities.
 - The Lebanon Investment in Microfinance program will provide and administer grants ranging between \$350,000 and \$600,000 to capable microfinance institutions, NGOs and other providers of micro-credit loans. These institutions will then disburse the loans to micro-enterprises in the tourism, ICT and agribusiness sectors. To meet the goals and objectives of the program, VEGA's member organization, the International Executive Service Corps (IESC) is leading the program with a mobilized team of member organizations including the

Financial Services Volunteer Corps (FSVC) and the International Senior Lawyers Project (ISLP).

- *Ethiopian Diaspora Interest In Local Investment Opportunities Grows*
 - VEGA’s Ethiopia AGOA+ program, funded by USAID and implemented by the International Executive Service Corps (IESC), supports Ethiopian enterprises in increasing exports to the United States under the African Growth and Opportunities Act.
 - Recently, the AGOA+ program created a new initiative, the Diaspora Direct Investment (DDI) Project, which aims to encourage Diaspora to invest in Ethiopia and assist local women start and grow their businesses by facilitating access to credit. The program has received over 200 interested applicants and has established relationships with banks and financial institutions.
 - The Diaspora Direct Investment project has:
 - Received 54 applications with financing requests of over \$26 million.
 - Submitted eleven Diaspora projects to financial institutions for approval, requesting about \$6.5 million in financing. One loan for \$845,455 has been approved and three loans totaling \$1,636,363 are in the final stages of approval.
 - Provided training to investors to ensure that applications meet bank requirements and created opportunities for Diaspora to form partnerships with other foreign investors to produce and market products globally.
 - Positively impacted the local community by stimulating the formation of new businesses which create local jobs and producing tax revenues for the government.

- *VEGA Long Term Business Adviser Promotes Women’s Entrepreneurship in Jordan*
 - In 2008, VEGA deployed a Business Linkages and Capacity Building Adviser, Michael Byrne, selected by Implementing Organizations, the Institute of International Education’s Emerging Markets Development Advisers Program.
 - The Business Linkages and Capacity Building Adviser supports Jordan’s Business Development Center (BDC), which works to increase the competitiveness, productivity, and market outreach of Jordanian private sector firms.
 - Recently, the adviser was instrumental in organizing the Women’s Entrepreneurship Development (WED) Conference, a three day event that aimed to create linkages, share knowledge and identify support strategies for the Arab region to tap into the potential of its female entrepreneurs.

Part III. LWA Deliverables

Monitoring and Evaluation

The VEGA M&E committee met on April 20th to review the new monitoring and evaluation tables developed by Bill Witting. The committee provided suggestions on indicators that should be tracked and included in the tables. Bill Witting, the consultant submitted an updated version

including the meeting recommendations as per the April meeting. To move forward with the final tables a meeting with the committee is scheduled on July 14th to review the final tables and agree on the format, indicators and impacts. VEGA staff will also arrange to meet with selective members implementing active programs to populate the information needed for our reporting requirements in the new M&E tables.

Part IV. Associate Agreements

Ethiopia AGOA

VEGA received requests from the mission to respond to a two year extension to continue the implementation of the consultancy services for Small and Medium, Enterprises to facilitate the trade led job creation in Ethiopia. VEGA is expected to submit a technical and financial proposal on July 13th, 2009.

Long-Term Business Advisors (LTBA)

Indonesia LTBA program

VEGA signed a sub agreement modification with IIE to increase the obligated funds to IIE from US\$411,718 to US\$461,876.

Micro Enterprise LTBA

A modification request was submitted to the USAID Mission to extend the current adviser's length of assignment for an additional four months from August 4th, 2009 to December 4th, 2009 with no additional funding.

Afghanistan - Community Development Agriculture Program in Paktia, Paktika, Khost and Southeast Ghazni (CDA-P2K)

VEGA submitted a modification request to the USAID mission to seek additional funding of US\$4,100,000 to support the program activities. The mission responded to our request seeking revision of the budget. The revision expected is mostly formatting and our Chief Financial Officer is working with the implementing partner to resubmit the final budget. In addition, VEGA also submitted a letter to the USAID Mission to request approval of change in key personnel (Agricultural Specialist). The request was declined due to limited period of performance under the project.

Lebanon- Investment in Microfinance

VEGA signed an associate cooperative agreement with USAID on April 16th, 2009 to implement a microfinance activity in Lebanon. Also a sub-agreement was drafted and signed with the International Executive Service Corps (IESC) for USAID Lebanon's Investment in Microfinance program.