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VEGA Ethiopia AGOA+ Program

Final Report

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ACRONYMS & ABBREVIATIONS

AGOA	African Growth and Opportunity Act
AGCI	African Global Competitiveness Initiative
ACCE	American Chamber of Commerce in Ethiopia
BMO	Business Membership Organization
CAWEE	Center for African Women’s Economic Empowerment
DAG	Development Assistance Group
DCA	Development Credit Authority
DDI	Diaspora Direct Investment
ECCSA	Ethiopian Chamber of Commerce and Sectoral Associations
EIA	Ethiopian Investment Authority
ELIA	Ethiopian Leather Industries Association
ETGAMA	Ethiopian Textile and Garment Manufacturing Association
GSP	Generalized System of Preferences
GOE	Government of Ethiopia
IESC	International Executive Service Corps
M&E	Monitoring and Evaluation
MOTI	Ministry of Trade and Industry
PMP	Performance Monitoring Plan
SME	Small and Medium Enterprise
USG	United States Government
VE	Volunteer Expert
VEGA	Volunteers for Economic Growth Alliance
WEG	Women’s Entrepreneur Group

EXECUTIVE SUMMARY

The VEGA AGOA+ program was awarded to the Volunteers for Economic Growth Alliance (VEGA) and its implementing partner the International Executive Service Corps (IESC) on July 25, 2005 under the Leader with Associate Award No. EEM-A-00-04-00002-02, and obligated funding under Associate Cooperative Agreement No. 663-A-00-05-00430-00. This six year program provided export capacity building and trade facilitation assistance until September 30, 2011 with life of program funding totaling \$3,424,278 U.S. Dollars (USD). The program supported results under the USAID Strategic Objective 6 (SO6) “Market-Led Economic Growth and Resiliency Increased.”

VEGA AGOA+ was designed on the premise that accelerated export development requires a market linkage approach that identifies the right market opportunities, builds the trade capacity of firms to successfully complete orders and facilitates access to the finance needed to grow and develop new business. Since the beginning, VEGA AGOA+ undertook three primary activities: (1) trade capacity building and export promotion, (2) institutional strengthening for Business Membership Organizations (BMOs) and government agencies and (3) promoting access to finance – first through investment finance from the Diaspora and later loan finance through USAID’s DCA loan guarantee program. Particular focus was placed on support to small and medium sized enterprises (SMEs), women entrepreneurs and Diaspora investors.

As a result, Ethiopia AGOA/GSP exports have increased from three million USD in the 2005 baseline year to 10.3 million USD in 2010. Based on sales estimates from AGOA trade show orders the total value of AGOA/GSP exports for the last half of 2011 will put Ethiopia at around USD \$15 million. Even using more conservative figures for 2011, Ethiopia will have seen an increase of between than 400- 500% from the Program’s inception. Sales directly attributed to AGOA+ grew from a little over a million dollars in 2005 to 5 million USD in 2011, yielding a life of project total of USD \$19.07 million. For every dollar spent, the USAID Mission saw \$4.57 US in export trade generated from program activities.

VEGA AGOA+ also assisted 1,920 firms with advice, information and technical support, creating 5,668 new job opportunities linked to AGOA-related trade. The Program sponsored 21 different events to bring buyers from the textiles and apparel, leather, and handicrafts from the U.S. to explore market linkages with Ethiopian firms. In addition, 58 firms attended 21 different trade show and other business to business events as a result of program activities. This assistance has translated into 19 million USD in sales under AGOA, directly attributable to the Program. The final Indicator Table can be found in Annexes 5.1 and 5.2.

Over the life of the program, VEGA AGOA+ worked with the Ethiopian Chambers of Commerce, the American Chamber of Commerce in Ethiopia and other BMOs to increase their ability to provide business services to their members so that they can better take advantage of AGOA trade opportunities. Extensive outreach to each of the city and regional chambers was conducted to provide basic information on AGOA and the market requirements to access the U.S. market. General business service training and IT training was provided to the Chambers of Commerce through VEGA VEs. Over 20% of existing Chambers and BMOs in Ethiopia have benefited from VEGA AGOA+ support.

The program provided USD 158,240 in volunteer donated services as cost share to the program, more than doubling the budgeted amount of USD 76,800. A total of 18 volunteers completed a total of 19 projects. Of the 18 volunteers, six (6) were Ethiopian Diaspora. The majority of the projects provided sector specific training and capacity building assistance. However, additional projects to support the Diaspora Direct Investment (DDI) and Chamber portions of the program were also completed. The volunteer projects were supported by a series of seven short-term technical assistance (STTA) projects, focused in the AGOA+ sectors, customs, investment and Chamber support. Two of the STTA experts were Ethiopian Diaspora. A compilation of the experts and projects can be found in Annex 5.3.

Finally, as a result of DDI activities and DCA loan guarantee, VEGA AGOA+ mobilized nearly USD 6.5 million in private finance through loans extended to 22 women and 36 Diaspora-owned businesses. The latter translated into approximately 1,053 new jobs. In addition, 223 firms received program assistance to improve their management practices through the facility's proposals review, analysis and commenting process. Further, three trainings and technical assistance to 124 bank personnel was provided by VEGA AGOA+ to introduce new loan assessment techniques so that Diaspora and women entrepreneurs are viewed as distinctive clientele with a unique profile and methodology for underwriting loans.

While the export figures and capacity building indicators are impressive, they do not encompass the full impact of the VEGA AGOA+ Program. The Program has been able to help Ethiopia attract considerable attention to its priority sectors, such as textile and garments, leather and leather products and handicrafts, as well as diversity into new product areas such as honey, spices and other specialty food items. VEGA AGOA+ has also furthered the GOE's engagement in AGOA export promotions and garnered support from the private sector to brand Ethiopia as "open for business." These initiatives have significantly contributed to Ethiopia's ability to attract new investment from the Diaspora and other investors.

Overall, the VEGA AGOA+ program was successful in achieving anticipated goals. The program easily adapted to the needs of the business community in Ethiopia, working in close partnership

with the private sector, Ministry of Trade and Industry, the Chamber of Commerce and the Ethiopian Embassy to the United States in Washington D.C. These relationships resulted in a strong alignment between Ethiopia's most pressing export constraints and VEGA AGOA+ technical interventions in the field.

In sum, the success of the Program can be attributed to VEGA AGOA+ market linkage approach, its collaboration with public/private institutions and donors and the use of VEGA Volunteer Experts. Some of the key recommendations of program staff for future trade development programs include: (1) enlarging USG assistance to domestic-producing firms, (2) targeting new sectors in line with USAID's Feed the Future (FTF) initiative (3) encourage more cost sharing to help build the business services market in Ethiopia, and (4) the importance of continued engagement of Ethiopia's Diaspora community to tap into the knowledge, experience and networks of individuals with a significant emotional connection to their country's economic development.

1. BACKGROUND

1.1 PROGRAM HISTORY

The United States Generalized System of Preferences (GSP) program encourages exports from developing and least developed countries by reducing the tariff rate of specified products. In May 2000 the **African Growth Opportunity Act (AGOA)** was enacted to expand these trade preferences to certain African countries, providing quota and duty-free entry for an additional 1,835 products. Duty-free access under the combined AGOA/GSP program now covers

The AGOA legislation encourages “increased trade and investment between the United States and sub-Saharan Africa,” by “strengthening and expanding the private sector in Sub-Saharan Africa, especially enterprises owned by women and small businesses.”

- Trade and Development Act of 2000

approximately 7,000 products. Notably, AGOA also offers additional market access to textile and apparel products for eligible countries under the Agreement on Textiles and Apparel. The underlying purpose of the AGOA legislation is to assist the economies of sub-Saharan Africa and to improve economic relations between the United States and the region. Ethiopia is beneficiary of AGOA trade preferences, including textiles and apparel.

In support of the AGOA legislation, the United States Agency for International Development (USAID) solicited proposals to facilitate trade-led job creation in Ethiopia in partnership with the private sector and the Government of Ethiopia (GOE). The VEGA AGOA+ program was awarded to the Volunteers for Economic Growth Alliance (VEGA) and its implementing partner the International Executive Service Corps (IESC) on July 25, 2005 under the Leader with Associate Award No. EEM-A-00-04-00002-02. The VEGA AGOA+ Program aimed to increase exports and job creation by facilitating trade linkages, providing firm level trade capacity assistance to private firms, and strengthening business membership organizations (BMOs) and public sector entities.

Pursuant to Associate Cooperative Agreement No. 663-A-00-05-00430-00, the original amount of the award was USD 299,278 with an estimated end date of June 29, 2007. The Program was designed to support results under the USAID Strategic Objective 6 (SO6) “Market-Led Economic Growth and Resiliency Increased.” Modification One provided incremental funding of USD 500,000 to finance ongoing program activities. Modification Two extended the program timeline from June 29, 2007 until September 30, 2008 with additional funding of USD 625,000 and included new support activities to the American Chamber of Commerce in Ethiopia (ACCE) and USAID’s Development Credit Authority for Diaspora and women entrepreneurs. Modification 3 was initiated by USAID/Ethiopia to extend the VEGA AGOA+ program until September 30, 2011 with additional funding of USD 2,000,000.

1.2 ETHIOPIA’S DEVELOPMENT CHALLENGE

There is little doubt that export development and diversification has brought major economic advances to developing countries around the world. No country in the past 50 years has sustained high levels of growth or increased per capita income without significantly expanding its exports. Unfortunately, many African businesses are not able to make meaningful contributions to their economies due to limited investment capital, trade capacity and access to international markets. Moreover, prospective trading partners often have misplaced skepticism of the products and productive capacity that the region has to offer.

The VEGA AGOA+ Program is based on the premise that accelerated export development requires a market linkage approach that: (1) identifies the right market opportunities, (2) builds the trade capacity of firms to successfully complete orders and (3) facilitates access to the



finance needed to grow and develop new business. Over the past six years, IESC has provided a cadre of trade and investment services through its expert consultants and VEGA volunteers. By working directly with Ethiopian firms, business membership organizations (BMOs), international buyers and government agencies, VEGA AGOA+ has helped Ethiopia tackle some of its most salient business obstacles and unleash the country’s export potential.

In order to realize the full benefits of export-led growth, firms in countries such as Ethiopia must be able to target the right opportunities for their level of development. A failed contract on a difficult order can have the unintended consequences of forestalling future business for all companies by damaging the nation’s trading credibility. However, success on the right contract can lead to even greater successes, as the business community grows its capacity to reach larger and more demanding markets.

Part of the problem for firms seeking international export opportunities is the “information gap” between international markets and domestic producers. Thus, one of the principle development challenges encountered by firms in Ethiopia is to effectively identify and penetrate markets where they can be most competitive. Further, once these market opportunities are identified both investment financing and collaboration among private sector stakeholders is needed to grow the ability of the business community at large to meet the specific requirements of international buyers.

Ethiopia's nascent private sector is predominantly small and lacks strong private sector organizations to enable them to fully take advantage of trade opportunities. Small and medium enterprises (SMEs) often struggle with insufficient infrastructure, low productivity and quality levels, restricted access to finance and relatively high transportation costs. Often, export ready firms are not fully aware of the opportunities that exist in global markets and lack the market contacts necessary to secure contracts. Firms with export potential do not sufficiently understand the demands and expectations of global buyers. Without the ability to meet buyer standards and specifications, it is difficult for these firms to credibly penetrate international markets.

Despite these environmental obstacles, Ethiopia does offer tremendous opportunity for entrepreneurs equipped with the adequate tools. Ethiopia's economy has recorded double digit growth over the past five years and was lauded by *The Economist* as "the 5th Fastest Growing Economy in the World" in 2010. Ethiopia's principal exports are predominantly agriculture-related, such as coffee, horticulture products, oilseeds and pulses, leather and leather products. Emerging AGOA export sectors include textiles and apparel, handicraft products, shoes, gems and refined stones, and a variety of specialty food items.



Ethiopia also holds considerable potential through its Ethiopian Diaspora community. Over 1.5 million Diaspora currently reside overseas and send an estimated 1.5 billion USD in remittances to their families each year. As such, the Diaspora presents a noteworthy opportunity to attract investment and new business champions from individuals with a unique interest and motivation to contribute to Ethiopia's development. Perhaps more importantly, the Diaspora possesses skills and experiences to move the Ethiopian economy forward into new economic sectors. Many Diaspora, however, have not lived in their home country for many years and are unfamiliar with the bureaucracy and investment climate in Ethiopia. They also lack access to local capital to establish new businesses. Consequently, financial and technical support is required to help them become a real asset to Ethiopia's development. Outreach is also important to educate the Diaspora of the potential opportunities that Ethiopia has to offer.

1.3 THE AGOA PLUS SOLUTION

The VEGA AGOA+ Program was the only stand-alone, USAID-funded trade program in Africa with the aim to increase Ethiopia’s exports to the United States under AGOA. The design of VEGA AGOA+ was informed by the conclusions of a 2004 AGOA strategy devised by the USAID Mission in Ethiopia. As described above, among the major issues that the Program was designed to address include:

1. Lack of information on market opportunities in U.S., including under AGOA;
2. Low industrial capacity and base;
3. Relatively low skilled and inadequately trained labor force;
4. Lack proper production management skills; and
5. Existence of many bureaucratic challenges in order to benefit from the various government incentives

Over the last six years, VEGA AGOA+ has helped to address Ethiopia’s development challenges through expertise provided by IESC’s staff and senior level business volunteers and consultant experts. Program support falls under three core activity areas.

Table 1: AGOA+ Program Activities

ACTIVITY 1: Trade Capacity Build and Export Promotion
<p>VEGA AGOA+ enhanced Ethiopia’s export readiness by offering firm level assistance to companies with potential to take advantage of AGOA trade opportunities. Program interventions under this core activity facilitated market linkages and trade capacity by:</p> <ul style="list-style-type: none">• disseminating information on AGOA eligible products and requirements,• assisting Ethiopian suppliers to meet international trade certification (i.e. organic, WRAP, Fair Trade, etc.),• providing technical and managerial training to meet buyer quality expectations and improve productivity• supporting company attendance to selected international trade shows,• sponsoring business forums, roundtable discussions and other outreach events to encourage Diaspora and other business partnerships,• inviting selected U.S. buyer to Ethiopia and• developing various marketing materials such as company websites, brochures and business cards.

ACTIVITY 2: Strengthening the Institutional Capacity of BMOs and Government Agencies

VEGA AGOA+ strengthened the ability of Business Membership Organizations (BMOs) and government agencies in Ethiopia to provide support services to the private sector, enabling them to better take advantage of AGOA trade opportunities. Program interventions under this core activity involved:

- providing business skills training and AGOA information to the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) and other BMOs in Ethiopia,
- increasing the use of information technology (IT) based services in the ECCSA,
- delivering needs-based technical assistance to relevant government agencies such as the Ministry of Trade and Industry (MoTI), the Ethiopian Customs and Revenue Authority (ERCA) and the Ethiopian Investment Authority (EIA), and
- supporting the institution of the American Chamber of Commerce in Ethiopia (ACCE).

Activity 3: Increase Access to Finance

VEGA AGOA+ improved access to finance for SMEs, women and Diaspora firms through USAID's Development Credit Authority (DCA) loan guarantee program with Abyssinia, Awash, Nib and Dashen Banks. Program interventions under this core activity comprised:

- providing loan packaging and screening to participating banks,
- conducting trainings to DCA bank beneficiaries and other financial institutions on cash-flow lending and other financial innovations to reach new customer sectors,
- sponsoring trainings and seminars for both DCA credit beneficiaries and financial institutions on business planning, development and financial management,
- extending support to DCA credit applicants to develop business plans and financial documentation necessary to receive DCA loans,
- maintaining assistance to Diaspora investors with legal investment requirements and government procedures to enhance the firm's ability to navigate the Ethiopia business environment,
- disseminating industry information on high potential investment sectors to target borrowers, and
- drafting and circulating various studies and concept papers on improving the lending environment in Ethiopia.

1.4 PROJECT STRATEGIES AND IMPLEMENTATION

IESC's market linkage approach to Ethiopia's development challenge has facilitated an increase in export earnings, job creation and business financing in Ethiopia. As a result, the VEGA AGOA+ Program has been consistently recognized as the benchmark program for countries looking to develop stand-alone programs to improve African exports under AGOA. The next section will outline IESC's market linkage strategy and the key implementation tactics that we believe differentiate the VEGA AGOA+ approach and were important factors in the program's overall success.

FACILITATING MARKET LINKAGES. The best way to create trade deals is to facilitate interactions between buyers and sellers that promote lasting business relationships. Market linkages are only truly "successful" when ongoing, market-led and profit oriented. Given that the market in Ethiopia is at an early stage of development, a market linkage approach to export development can speed the processes that the economy has not yet initiated naturally. As described, three interrelated elements are required to facilitating "successful" market linkages: (1) market opportunities, (2) trade capacity, and (3) access to finance.

Market Opportunities. Markets work best where timely information about supply and demand is readily available. Clearly, potential trade partners must know about market opportunities in order to facilitate trade linkages. Producers must be able to identify and assess the requirements of the buyers and the buyer must be able to effectively evaluate the capabilities of producers. Thus, accurate and timely information about markets and capacities is crucial if a diverse set of economic actors are to work together to benefit from emerging trade opportunities.

"For Ethiopia, one of the major challenges is getting market information and exposure. The VEGA AGOA+ Program has been very instrumental in helping us in this area."

– Abebe Teklu, Tikur Abay Shoe Factory

Putting into place systems to provide this kind of information is one of the most difficult building blocks for well-functioning markets and requires collaboration among government agencies, private sector organizations and firms.

Trade Capacity Building. Information about opportunity must be supported by capacity. A new market linkage will only be sustained if the supplier is able to meet the client's expectations in terms of quantity, quality, timeliness and price. However, competitiveness is more than a matter of productivity. Current market trends indicate that international buyers are increasingly urging suppliers to meet increased food safety, environmental and social standards. As such, targeted technical and managerial trainings to individual firms and private sector organizations is needed to meet these requirements and are an important component in any market linkage program. Business environment issues also play a role in a firm's

competitiveness. Programming designed to build the capacity of local institutions to collaboratively enhance the quality of a country’s workforce, non-labor inputs, infrastructure, institutions and the array of regulatory and other policies that affect the way in which a nation’s firms compete is also important.

Access to Finance. Finally, finance and investment is needed to enable firms to take advantage of available trade opportunities. Without access to finance, companies cannot buy raw materials and machinery to equip their factories – or pay employees to work. Many banks in Ethiopia are not accustomed to financing companies outside of the large traditional sectors. Further, investors do not understand the opportunities that Ethiopia presents for profitable investment. As such, intervention is needed to work with banks and investors, government services, bilateral and multilateral organizations, and exporting companies to overcome these obstacles to lending.

VEGA AGOA+ Market Linkage Approach. In response to these needs, the VEGA AGOA+ Program designed a comprehensive and sustained strategy centered on market linkage activities. The program built long term buyer-seller relationships for specific firms while also enhancing the brand image of Ethiopia as a capable and reliable source of supply. The following table outlines the VEGA AGOA+ market linkage activities and the outcomes of those activities.

Table 2: VEGA AGOA+ Market Linkage Approach

ACTIVITY	RESULT
<p>Trade Show Participation</p>	<p>Studies have shown that U.S. buyers only make import deals once a firm is seen several times at a particular trade show. Sponsoring trade show participation increases the visibility and credibility of firms within selected industries, provides access to market information and buyer/investor networks.</p> <p>See page 30: Case Study: Trade Show Sponsorship Introduces New Ethiopia Product to the US</p>
<p>Buyer’s Trips and Trade Mission</p>	<p>While trade shows provided initial exposure, buyer trips are an important means for the buyer to evaluate the productive capacity at site location and ultimately close deals. Buyer Missions help facilitate further matchmaking, provide feedback to supplier(s) on market requirements, inform producer investment and motivate supplier technical assistance.</p> <p>See page 21: Case Study: VEGA/IESC AGOA+ Co-Sponsors US Buyers Mission to Ethiopia</p>

ACTIVITY	RESULT
<p>Market Information Service Systems</p>	<p>Building the capacity of local BMOs and government agencies to provide market information fosters sustainable private sector access to market prospects, potential local partnerships, and collaboration opportunities. Strong BMOs, in turn, prompt the business community to be aware of and take action on business-related advocacy issues.</p> <p>See page 25: Strengthened Chambers of Commerce and BMOs</p>
<p>Firm Level Support</p>	<p>By providing targeted firm level assistance to export-ready and/or near export-ready firms, producers are able to improve their ability to serve as reliable suppliers. Where possible, the buyer should be encouraged to perform this important mentoring role to the supplier. This leads to sustainable export earnings and jobs, not just a spike from a one-time order.</p> <p>See page 23: Case Study: IESC VEs assist Ethiopian Manufacturing Firms to improve Productivity and Quality Control System</p>
<p>Diaspora Investment Promotion</p>	<p>Actively engaging the Ethiopian Diaspora community via an annual Diaspora Investment Forum, other outreach and collaboration with Ethiopian Embassy in Washington D.C. motivates new investment and business creation in Ethiopia.</p> <p>See page 35: Attracting Inward Investment</p>
<p>DDI Loan Guarantee Facility</p>	<p>By strengthening the ability of Ethiopian private banks to extend loans to Diaspora, SMEs and women-owned enterprises, many new customer groups accessed financing that enabled them to grow their business, create jobs and trade to the US under AGOA.</p> <p>See page 37: Case Study: DCA Loan Guarantee Proves More Successful for Women Entrepreneurs</p>

TARGETING SMES, WOMEN AND DIASPORA. Throughout the life of the project, VEGA AGOA+ Program targeted intervention to SMEs, women and the Ethiopian Diaspora. USAID/Ethiopia was instrumental in selecting these beneficiary groups, in part, because of the high development impact in terms of job creation, commitment and economic potential of these groups.

SMEs and Economic Growth. SMEs play a key role in providing additional employment and facilitating transformation of economy from low to middle income group. The efficiencies of SMEs in resource utilization such as labor, capital and technology synergize the economic development in a socially equitable manner. SMEs also allow a larger number of entrepreneurs

and self-employed to survive and exist. It is also understood that sectors dominated by SMEs are better able to exploit dynamic economies of scale. More importantly, there has been no successful transformation evidence available in the world without the active participation of the SME sector in the economic development.

Women Entrepreneurs. Research from the last decade portrays a fairly consistent pattern of findings that in most developing countries, women encounter additional barriers in terms of access to and control over productive resources, yet have higher stakes in development outcomes and responses to incentives introduced to encourage development. As such, by improving women’s involvement in the development process through export trade and business development, women can serve as a significant contributor to a country’s development prospects.

Since the inception of the Program, VEGA AGOA+ has viewed Ethiopian business women as an important partner in its success. The Program has helped women entrepreneurs accessing local and international markets, credit guarantees for commercial loans under USAID’s DCA program, business management training; and, specific technical training in their respective industries. VEGA AGOA+ has also worked to improve women association capabilities so they can provide these services after the project’s completion.

“Diaspora investors can serve not only as agents for the growth of Ethiopia’s private sector, but also as facilitators for the nation’s rebranding. Currently, the name Ethiopia is synonymous with war, famine, HIV, you name it. You can be the ambassadors of Ethiopia.”

- Addis Alemayehou, COP, VEGA AGOA+

“The VEGA AGOA+ Program has consistently helped the members of the Women’s Entrepreneur Group understand what is required to work with international buyers and businesses and what is expected in terms of quantity and quality to enter the U.S. market.”

- Salsawit Tsega, President, WEG



Diaspora as a Catalyst for Development. The Ethiopian Diaspora also represents an important target group that has lent to the success of the VEGA AGOA+ program. Since the beginning, the VEGA AGOA+ has undertaken activities to attract Diaspora investment and provide necessary information to facilitate business start-up and operation to returning Diaspora. Beginning in 2009, the also assisted many Diaspora access local financing through its DDI Credit Guarantee

Facility. The Diaspora present an important opportunity to build partnerships, enhanced trade linkages and invested in Ethiopia. VEGA AGOA+ has appealed to Ethiopian Diaspora through its international outreach efforts and through promoting in country investment.

To achieve this objective, VEGA AGOA+ has undertaken close collaboration with the Commercial Office at the Ethiopian Embassy in Washington DC, the American Chamber of Commerce, the U.S. Department of State and various U.S. educational institutions to put on annual Diaspora Forum that encourages Ethiopian Diaspora to make rewarding contributions to Ethiopia's economic development through investment. After 2009, VEGA AGOA+ has also helped Diaspora investors gain access to local financing through USAID's Diaspora Direct Investment (DDI) Credit Guarantee Facility. The purpose of the facility is to avail resources to help the Diaspora and women entrepreneurs capitalize on existing and upcoming business opportunities.

By engaging Ethiopian Diaspora on volunteer and STTA projects, the VEGA AGOA+ program was able to provide more targeted training and assistance to companies in Ethiopia as the companies were both inspired by and understood by the Diaspora providing training. Six volunteer projects and two STTA projects were completed by Ethiopian Diaspora.

Case Study: MUYA Ethiopia Plc. Becomes First Handicraft firm in Ethiopia to achieve World Fair Trade Organization (WFTO) certification

MUYA Ethiopia, a woman-owned handicraft firm in Ethiopia, achieved fair trade certification from the World Fair Trade Organization certification in 2007 as a result of VEGA AGOA+ program support. MUYA has been a client of VEGA AGOA+ program since 2005.



The World Fair Trade Organization (formerly the International Fair Trade Association) is the global representative network of over 450 members committed to 100% Fair Trade. WFTO enable small producers to improve their livelihoods and communities through sustainable Fair Trade. Membership of the WFTO is limited to organizations that demonstrate a 100% Fair Trade commitment and apply its 10 Principles of Fair Trade. The WFTO operates in 76 countries across 5 regions: Africa, Asia, Europe, Latin America, and North American and the Pacific Rim.

Over the last five years, MUYA has participated in several tradeshow in New York and Washington, D.C. as well as taken part in the VEGA AGOA+ incoming buyer mission program. "Talking to buyers and going to trade show participation gives you exposure. I saw what I had to do, what I had to change to get into the international market," noted MUYA owner Sara Abera. One of those changes was meeting high international standards.

In 2007, MUYA began a key partnership with international supermodel Liya Kebede under the

Lem Lem brand. Impressed by MUYA's commitment to preserving Ethiopia's ancient art of weaving and commitment to the high Fair Trade standard, Lem Lem began sourcing from MUYA. Now five years later, MUYA boasts high profile clients including J Crew, Barney's and Christine Dior.

At the start of MUYA's partnership with AGOA+, Ms. Abera employed approximately 20 weavers working in less than top quality conditions. However, as a result of discussions with buyers at various tradeshow and the encouragement



she received to apply and work according to fair trade standards, Ms. Abera now has over 150 employees who work in a very safe and healthy environment,



enjoying company sponsored lunches and a huge pay raise.

Through the work with Ms. Abera, VEGA AGOA+ was able not only to expose MUYA and its products to the rest of the world, but also to directly improve the lives of people that work with Ms. Abera in her certified fair trade working environment.

COLLABORATION WITH PUBLIC AND PRIVATE INSTITUTIONS. Throughout the life of the Program, VEGA AGOA+ has maintained a strong working relationship with instrumental public and private institutions to build capacity in AGOA exports and trade promotion. This success factor has yielded considerable benefit to the long-term sustainability of program objectives. Major VEGA AGOA+ Partners included:

- the Ministry of Trade and Industry,
- the Ethiopian Investment Authority,
- the Ethiopian Revenue and Customs Authority,
- the Ethiopian Embassy's Commercial Office in Washington D.C.,
- the Women's Entrepreneur Group (WEG),
- the Center for African Women Economic Empowerment (CAWEE) chapter,
- the American Chamber of Commerce in Ethiopia,
- the Ethiopian Chamber of Commerce and Sectoral Association,
- the 11 Regional Chambers of Commerce and Sectoral Association,
- the 15 City Chambers of Commerce and Sectoral Association, and

- various industry associations under the Ethiopian chamber system (e.g. the Ethiopian Textile and Garment Manufacturing Association (ETGAMA), Ethiopian Leather, Shoe and Leather Products Manufacturing Association, etc.)

VEGA AGOA+ worked in partnership with the leadership from these associations to provide business services and training on business planning, marketing skills, entrepreneurship, IT as a business tool, the logistics of trading under AGOA, and policy advocacy. Particular focus was placed on building the capacity of these organizations to provide appropriate services to the business community. As a result, many of these associations are now able to provide important trade related services to their members.

ENCOURAGING PRIVATE SECTOR LENDING IN NEW SECTORS. In 2008, USAID incorporated its DCA loan guarantee program under the VEGA AGOA+ portfolio to help mitigate the perceived risk of lending to incoming Diaspora investors, SMEs and women entrepreneurs. The Development Credit Authority (DCA) is a broad financing authority that allows USAID to leverage private sector resources to have a greater, more sustainable impact in supporting economic growth. The DCA instrument translates into partial loan guarantees of 50%, encouraging private banks in Ethiopia to increase their investments in local businesses and projects. VEGA AGOA+ implementation of this activity was instrumental in strengthening the ability of Ethiopian private banks to extend loans to Diaspora, SMEs and women-owned enterprises. It also improved the technical capacity of lending institutions in Ethiopia to build relevant processes for loan packaging and risk rating appropriate for these sectors.

LEVERAGING USG AND OTHER DONOR RESOURCES. VEGA AGOA+ has consistently sought partnerships with other United States Government (USG) funded programs and donor undertakings to support private sector development in Ethiopia. The Program is a key member of the Private Sector Development Working Group in Ethiopia's Donor Assistance Group (DAG), sharing technical and financial resources. The DAG was established in 2001 to foster information sharing, policy dialogue and harmonize donor support to Ethiopia in order to enable the country to meet the targets set in the Millennium Development Goals (MDGs). DAG also assists in the preparation, monitoring and evaluation of the country's Poverty Reduction Strategy (PRS).

The DAG forum has provided considerable opportunity to leverage program resources toward common initiatives. This success factor has improved the Program's ability to better service the trading community in Ethiopia and to provide the maximum value for USG resources. In addition to working with other international donors, VEGA AGOA+ has also partnered with other USAID programs in the Economic Growth portfolios of USAID/Ethiopia and USAID/East Africa. Some of the instrument coordination efforts to achieve measurable impacts include partnerships with:

- Ethiopia Capacity Building Program (ECBP) funded by the GTZ providing technical support to the textile and garment and leather products industries,
- the Center for International Private Sector Enterprise (CIPE) initiative to strengthen Ethiopia's chambers of commerce and BMOs,
- USAID Agriculture Trade Expansion Program (ATEP) to facilitate export trade in the coffee, oilseeds and pulses, leather and leather products and horticulture sectors,
- the World Bank (WB) Enterprise Ethiopia program that provided funding to support trade show participation such as the New York Material World and Las Vegas MAGIC trade shows, and
- the USAID East African Trade Hub and the Southern African Trade Hub programs to promote Africa trade under AGOA.

VEGA AGOA+ Partnership with ILO and MoTI yields International Certification

In 2008, VEGA AGOA+ partnered with the International Labor Organization (ILO) and the Ministry of Trade and Industry (MoTI) to help six Ethiopian companies achieve WRAP certification of their manufacturing facilities. The World-wide Responsible Apparel Production (WRAP) standard is an international benchmark used by textile and apparel buyers to ensure lawful, humane and ethical manufacturing conditions in its sourcing facilities. Firms that maintain the WRAP standard are able to foster confidence in working conditions in its facility and attract new business.

The initiative was co-financed by the ILO and MoTI. Building on its close relationship with textile and garment industry, VEGA AGOA+ contributed day-to-day support to the firms throughout the certification process and helped them devise action plan to meet and maintain the WRAP standard. In addition, a half-day seminar was organized with the Ethiopian Textile and Garment Manufacturers Association (ETGAMA) to educate other textile and apparel companies about the process.

Case Study: VEGA/IESC AGOA+ Co-Sponsors U.S. Buyers Mission to Ethiopia

From May 9-12, 2007, VEGA AGOA+, in partnership with the US Embassy and the USAID mission in Ethiopia, co-sponsored a US buyers' mission to support a group of Ethiopian women exporting goods internationally. Forty-five women-owned businesses took part in the event. Roughly 80% of these businesses engaged in handicraft and traditional textile and garment production.

Five buyers were invited by the US Ambassador to Ethiopia to participate in the event, including CharityUSA.com (Seattle), Vici International (Atlanta), Tribal Links (Boston), Ashanti Design (Cape Town), and 10,000 Villages (Philadelphia). During their four-day sojourn in Ethiopia, the delegation made on-site company visits to five selected enterprises and was able to learn about Ethiopian product varieties and potentials and workplace safety.



Prior to the buyers' arrival, an information session was conducted to prepare the women to answer buyers' questions and to meet expectations as to product quality, email communication, on-time delivery, costs, and to enhance the women's teamwork and coordination during the event and beyond.

The women also received a schedule of the buyers' mission including the 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.

Over the course of the four day event the buyers were able to meet producers at a specialized bazaar event held for three days where over 75 exhibitors were able to show their products to the US buyers. This provided a unique opportunity both for the buyers and the producers to talk to each other regarding product needs, product quality and price negotiations. Following the bazaar, the VEGA-Ethiopia AGOA+ program arranged a half-day workshop that served as a platform for feedback from the buyers regarding products, marketing strategy, product quality, price ranges and improvements to be made to meet the specific needs of the US buyers.

The buyers' mission resulted into on-the-spot deals totaling approximately USD 60,000 for first trial basis orders. There are positive signs that the buyers would establish long sustaining relationship with the local producers and make further orders of hand-woven cotton products and various leather articles as well as Ethiopian Jewelry.

VEGA VOLUNTEER EXPERTS. One of IESC's most important resources is its skills bank registry of approximately 8,500 volunteer experts (VEs), including the IT focused GeekCorps Volunteers (GCVs) and professional consultants. IESC VEs bring a seasoned and market-focused business perspective to programs implementation. Where appropriate, IESC is able to deliver world-class interventions by senior executives from America's most successful companies. The VEGA AGOA+ Program utilized IESC VEs, GCVs and professional consultants to impart business expertise and information technology (IT) skills to firms, government institutions and business membership organizations servicing the private sector. IESC Volunteer and consulting experts were instrumental in the array of services and resources that the VEGA AGOA+ Program was able to offer. Over the life of the program, 18 VEs, of which six were Ethiopian Diaspora volunteers, completed 19 projects. An additional seven senior level experts, including two Ethiopian Diaspora, completed Short-term Technical Assistance (STTA) projects. Where appropriate, the VEGA AGOA+ strategy for its VE consultancies involves: (1) needs-based approach that responds to a specific business and/or organization problem identified by the beneficiary, (2) targeted expertise aimed to solve real problems that the beneficiary encounters on a daily basis and (3) utilization of VEs as a gateway to market products from the companies they support. Examples of successful VE, GCV and short-term technical assistance consultancies include:

- Training to local banking staff from Finance VE on basic credit analysis, risk management, financial statement analysis for SMEs, with a sector specific case study session dedicated to the agriculture section.
- Onsite assessment and training from Customs VE to the Ethiopian Revenue and Customs Authority (ERCA) on US entry requirements for GSP/AGOA privileges, international customs standards, and ways to increasing operational efficiency within in the Ethiopia customs system.
- Briefing from horticulture VE on how to prepare and what to expect at the Miami International Flower Show. Focus was placed on how to handle logistics and support during the show.
- Hands on training and mentoring visit to Muya Ethiopia Plc from handicraft VE that covered market-led product development and design for pottery handicrafts and tactics to penetrate new markets
- Targeted marketing and export training sessions for Ethiopian companies attending floral, textile and garment and footwear trade shows in the U.S. Volunteer experts provided assistance prior to, and during, the show to enable the Ethiopian firms to maximize business connections and the ability to follow-up with potential clients.

Case Study: IESC VEs assist Ethiopian Manufacturing Firms to improve Productivity and Quality Control System

In May 2010, VEGA AGOA+ brought in two Garment VEs to conduct a series of hands-on trainings designed to assist small to medium scale garment factories boost their productivity and quality control system. The principle beneficiary companies included NovaStar Garment, Addis Garment, GMM Garment, Wossi Garment and Mulat Garment. The VEs spent two days in each selected factory, conducted a one day presentation and site visit with Nazareth Garment Factory 100 km outside Addis Ababa and held a wrap-up meeting at the Ethiopian Garment and Manufacturing Association (ETGAMA) to share experiences and lessons learned with all members.

The activity was developed in consultation with ETGAMA through comments and suggestions from the association and its members. Terms of Reference were jointly drafted to identify just the right VEGA/IESC experts. Garment VEs brought with them years of experience working in the garment sector for big name buyers including GAP, VFCOM, Banana Republic, and a plethora of Eastern European garment factories that supply the U.S. market. Care was also taken to target garment factories with ongoing export orders and experience that could fully take advantage of VE know-how. The participants were thrilled with the results. One factory manager summed up the immediate impact in his operation with one word –“magic.”



“Continuity is really a key factor in maintaining manufacturing quality and productivity,” noted one of the Garment VEs. Although investment in machinery and other productive tools, an important lesson learned from the VE visit was that significant productivity and quality improvement can also be realized with the materials on-hand. The activity provides an important example of how the expertise and experience of VEGA/IESC VEs can be an important tool that offers real solutions to business problems for firms in developing countries such as Ethiopia.

2. MAJOR ACHIEVEMENTS

2.1 MEASURED IMPACT

Since 2005, VEGA AGOA+ has furthered Ethiopia's economic growth by developing and promoting export trade the U.S. AGOA/GSP trade preference program. More specifically, IESC's market linkage approach contributed greatly to USAID Mission SO6, increasing market-led economic growth and resiliency in Ethiopia. VEGA AGOA+ capitalized on USG, donor, and GOE effort to improve Ethiopia's trade and investment capacity and to enhance private sector competitiveness, resulting in real, meaningful results.

INCREASED AGOA/GSP EXPORTS. Despite the economic downturn beginning in 2009 and correlated slide in global trade, Ethiopia AGOA/GSP exports have gone up from approximately 3 million USD in the 2005 baseline year to 10.378 million USD in 2010. Despite the global downturn in 2009, Ethiopia has fared much better than many of its AGOA counterparts. Second quart year-to-date AGOA/GSP data shows that Ethiopia exports have remained steady, growing slightly from USD 6.035 million in 2010 to USD 6.087 in 2011. However, based on sales estimates from AGOA trade show orders the total value of AGOA/GSP exports for the last half of 2011 will put Ethiopia at around USD 15 million. Even using more conservative figures for 2011, Ethiopia has seen an increase of between than 400- 500% from the Program's inception. Sales directly attributed to AGOA+ grew from a little over a million in 2005 to 5 million in 2011, yielding a life of project total of USD 19.07 million. For every dollar spent, the program generated USD 4.57 in export trade from program activities. This constitutes a 1:4.57 return on investment for the USAID Mission.



TRADE-LED JOB CREATION AND IMPROVED MANAGEMENT PRACTICES. VEGA AGOA+ has assisted over 1,100 firms with advice, information and technical support, creating 5,668 new job opportunities linked to AGOA-related trade. IESC VEs and long-term staff also offered technical assistance to these firms, improving the management practices with targeted expertise in the specialty food, textile and apparel, and handicrafts economic sectors.

BUYER LINKAGES. The program has brought to Ethiopia buyers from the textiles and apparel, leather, and handicrafts from the U.S. to explore market linkages with Ethiopian firms. In addition, AGOA+ sponsored 58 firms to attend 21 different trade show and other Business to Business events. This assistance has translated into USD 19 million in sales under AGOA that can be directly attributed to the AGOA+ Program.

STRENGTHENED CHAMBERS OF COMMERCE AND BMOs. Over the life of the program, VEGA AGOA+ worked with the Chambers of Commerce and other BMOs in Ethiopia to increase their ability to provide business services to their members so that they can better take advantage of AGOA trade opportunities. During the first year of the program, extensive outreach to each of the city and regional chambers was conducted to provide basic information on AGOA and the market requirements to access the U.S. market. General business service training was provided to the Chambers of Commerce through VEGA VEs in the following core areas:

- Export marketing skills
- Providing business development services to chamber members
- Entrepreneurship development
- IT as a business enabling tool
- Business advocacy

Industry specific support was also provided to the sectoral associations such as ETGAMA, ELIA, WEG and others. More than 20% of the existing Chambers of Commerce and Sectoral Associations benefit from these business skills training offered by the VEGA AGOA+ team. The program initiative closer partnerships with the Center for International Private Enterprise (CIPE) to integrate its business trainings in with the business advocacy objectives of the CIPE program.

VEGA AGOA+ also worked with the leadership at the ECCSA and ACCSA in performing a needs assessment of the Chamber's IT and general business capacity through multiple VEGA's VEs. A strategy and action plan was presented to the DAG-PSD for multi-donor support of the initiative. The intended outcome of this activity was improved use of IT at the Chambers, access to market prospects, potential local partnerships, and collaboration opportunities. Although the larger vision of the initiative was never fully actualized, over 20% of Ethiopia's BMOs are now fully employing IT tools to disseminate information to potential markets and investors on export ready companies.



Ambassador Yamamoto congratulates H.E. Girma Birru on the launch of the American Chamber of Commerce in Ethiopia.

Finally, VEGA AGOA+ was instrumental in the establishment of the American Chamber of Commerce in Ethiopia (ACCE) in 2009. The program supplied a full-time General Manager that assisted the ACCE in developing a business and marketing plan, an accounting and reporting system, and membership criteria. Assistance to the ACCE was guided by a Memorandum of Understanding between the ACCE, USAID and VEGA AGOA+ program.

DEVELOPMENT CREDIT AUTHORITY (DCA) LOAN FINANCING.

Beginning in September 2008, VEGA AGOA+ began offering loan financing assistance under USAID’s DCA loan guarantee program with Abyssinia, Awash, Dashen and Nib International banks. The DCA agreement was designed to mitigate the perceived risk of lending to Diaspora and women entrepreneurs by supplying a 50% risk guarantee to cover defaults, and in exchange, banks also lowered or eliminated burdensome collateral requirements for loans extended up to USD 17.12 million.



Amaro Gayo (100kms from Awassa), a woman owned coffee plantation, received bank financing through the VEGA DDI project. The working capital loan helped Amaro’s premier quality coffee sustain a continued presence in the U.S. market.

Technical support for the DCA program was included as part of the AGOA+ Project, under VEGA/IESC’s DDI Credit Guarantee Facility. Under this arrangement, VEGA/IESC helped potential borrowers by reviewing their business plans and market feasibility studies and by providing guidance and due diligence support in the course of the loan approval process to qualified applicants. The DDI program delivery also included training for various stakeholders, organized learning events to improve lending practices and promoted DCA utilization as a means for breaking the bank ‘closed door’ culture for these non-traditional borrower groups in Ethiopia.

“The DCA program has helped the bank understand that there are a number of micro/small businesses out there that could perform well in terms of wealth and employment creation provided they are given the opportunity to access credit.”

-- Bank of Abyssinia

As a result of DDI activities and DCA loan guarantee program, VEGA AGOA+ mobilized nearly USD 6.5 million in private finance through loans extended to 22 women and 16 Diaspora businesses. The latter translated into 1,053 new jobs as a result of the program. In addition, 223 firms received program

assistance to improve their management practices through the DDI activities. Further, 3 training sessions and TA were provided to 124 bank personnel, to mainstream new credit risk underwriting practices for Diaspora and women entrepreneurs, so that they are viewed as a distinctive clientele, with unique borrower characteristics and risk profiles.

2.2 VEGA AGOA+ MONITORING AND EVALUATION

VEGA/IESC Monitoring and Evaluation (M&E) provided continuous feedback to USAID on the VEGA AGOA+ team's progress toward program goal and objectives. Over the life of the program, VEGA/IESC has submitted quarterly reports that detail VEGA AGOA+ activities, success stories and key lessons learned. The format emphasized indicators that are directly attributable to USAID/Ethiopia program areas project activities, as opposed to broader macroeconomic measures. See [Program Monitoring Framework](#), below.

In order to obtain candid feedback from program beneficiaries, VEGA AGOA+ employed an informal client intake procedure that conditioned assistance on providing basic information on client orders, job creation and export earnings. Where possible, the project looked to a third party such as the US Department of Commerce or Ethiopia's Ministry of Finance and Economic Development (MoFED) for statistical data. See [Final Project PMP](#) in Annex 5.2 of this report.

VEGA AGOA+ Program Monitoring Framework

Strategic Objective

SO 16: Market-led economic growth and resiliency increased



Intermediate Result

IR 16.2: Selected input and product markets strengthened



Indicators

4.2.2 Trade and Investment Capacity

- (1) Increased dollar value of AGOA/GSP exports
- (2) Dollar value of sales from exports as a result of USG assistance
- (3) No. of buyer/seller linkages established in export markets as a result of USG assistance
- (4) No. of jobs created as a result of AGOA/GSP exports facilitated by the VEGA/AGO+ Program

4.6.2 Private Sector Productivity

- (5) No. of firms receiving USG assistance to improve their management practices
- (6) Amount of Private Financing Mobilized with a DCA Guarantee
- (7) No. of SMEs that successfully accessed bank loans or private equity as a result of USG assistance
- (8) No. jobs created as a result of DCA financing



Inputs/Activities

Trade Capacity Building to enhance AGOA exports

- No. of AGOA outreach activities sponsored or attended by program staff
- No. of buyer's missions/reverse trade missions and other trade promotion activities
- No. of participants in buyer's missions/reverse trade missions and other trade promotion activities
- No. of trade shows attended by Program beneficiaries
- No. of firms that attended trade shows as a result of AGOA+ support
- No. of VEGA experts volunteers utilized to provide support to key export sectors
- No. of trainings/seminars conducted to build trade capacity in AGOA export related topics
- No. of participants in capacity building trainings/seminars

DDI Facility: Access to Finance

- No. of outreach events sponsored or attended by project staff
- No. of trainings provided to DCA banking institutions
- No. of individuals trained at DCA banking institutions
- No. of investors that inquired about the DDI program
- No. of proposals reviewed, analyzed and commented on by DDI staff
- No. of applications complete, processed and sent to the banks
- No. of loan approvals

2.3 BEYOND THE NUMBERS

While the export figures and capacity building indicators over the life of the project are impressive and have in many cases exceeded targets, they do not encompass the full impact that the VEGA AGOA+ has imparted on the lives of Ethiopian firms and institutions. The following aims to capture some of these qualitative impacts.

INTERNATIONAL ATTENTION IN PRIORITY SECTORS.

One of the most important impacts of the VEGA AGOA+ program is its role in helping priority sectors gain international attention. Ethiopian handicraft, textile and apparel, and leather products are now beginning to gain traction on the global market for their good quality and competitive price. U.S. buyers are more than ever looking at Ethiopia as a sourcing option due to its inexpensive and reliable labor force, government support, vertically integrated economic sectors (e.g. from the cotton to

“The support we have been receiving from USAID’s VEGA AGOA+ Program has been invaluable in our efforts to realize the promise which the textile and garments sector holds in becoming a major foreign currency earner for Ethiopia.”

– Endalkachew Sime, Secretary General of ETGAMA

garment in textiles industry) and tariff and quota free access to the U.S. and other international markets.



In textiles and garments, for example, demand for Ethiopia has increased steadily over the last five years, from less than USD 1 million in 2001 close to USD 19 million in 2008. Estimates for 2011 indicate that Ethiopia will supply approximately USD 25 million. The current GOE target is to capture 0.05% of the USD 200 billion US market by 2015, generating USD 1 billion in revenues. Exports of finished leather products such as footwear, handbags and other leather goods are also showing tremendous promise.

The U.S. is one of the biggest shoes markets in the world and has recently started looking for other sources of footwear outside of China. VEGA AGOA+ has helped Ethiopia take advantage of this market opportunity through targeted technical support and participation in U.S. trade shows.

DIVERSIFICATION OF ETHIOPIA EXPORT ITEMS.

Outside of the priority sectors supported by the GOE and other donors, the VEGA AGOA+ program has consistently aimed to diversify Ethiopia’s AGOA export categories from the mainstay textile, handcraft and apparel

categories. Emerging sectors include fresh cut roses, honey, spices, raw gems and gem stones, and a variety of other processed agro-products.

Case Study: Trade Show Sponsorship Introduces New Ethiopia Product to the US

The VEGA AGOA+ Program was first introduced to Orbit Gem in 2006. “At the time, we did not have the confidence or the venue to reach out U.S. buyers,” noted co-owner Salsawit Tsega. Orbit Gem is a wholesale supplier of opal gems, cups, beads and faciliated stones from Ethiopia. Over the next three years, however, Orbit Gem began building its internal capacity to refine its product through a partnership with D.W. Enterprises. The partnership allowed it to move from exporting raw opals to a higher value-added polished and cut stone product. Raw opals earn approximately 350 USD/kilo whereas refined opals earn 40,000 USD/kilo.

By 2009, Orbit Gem had grown from an individually operated business to employing six cutters,



A new source of opal gems was recently discovered in the Ethiopia's Welo Amhara Region. The find is quickly gaining the attention of the close-knit, international opal community.

graders and buyers. VEGA AGOA+ sponsored Orbit Gem’s participation at the 2009 G.L.D.A. Inc. Gem and Jewelry Show in Las Vegas, Nevada. “We were the only indigenously sourced company that was able to offer opal stones with such high value-added.” Salsawit Tsega remarked. “The show was a wonderful opportunity to market Ethiopian jewelry and Ethiopian opal. We were able to promote our country and the skills and workmanship of our cutters.”

Sponsoring trade show participation for companies, such as Orbit Gem, is an important tool provided by the program to test the feasibility of new products and to encourage similar enterprises to venture into the U.S. market. “The program has always had two goals in mind. First, increasing exports to the U.S. under AGOA and second diversifying those exports. We saw Orbit Gem as an opportunity to introduce a new product to the U.S. buyer” remarked Addis Alemayehou, Chief of Party, USAID VEGA AGOA+ Program.

Orbit Gem now employs over 20 cutters, graders and buyers and is growing. It has seen its exports of refined opals increase over 75% as a result of its participation in US trade shows. VEGA AGOA+ again sponsored Orbit Gem’s participation at the G.L.D.A. Inc. Gem and Jewelry Show in 2010. The company is now in a position to self-finance attendance at the annual show.

USAID VEGA AGOA+ is managed through a Leader with Associate Award to the Volunteers for Economic Growth Alliance (VEGA), through implementing partner organization, the International Executive Service Corps (IESC).

GOVERNMENT ENGAGEMENT IN AGOA EXPORT PROMOTION. When VEGA AGOA+ first initiated its AGOA export promotion activities the GOE knew very little about AGOA and how to best take advantage of the trade preference. Five years later, AGOA has achieved high visibility in both public and private sector circles.



VEGA AGOA+ was extremely instrumental in the growing the GOE's engagement in AGOA export promotion activities. The program periodically held high level meetings with Ethiopian government institutions and ministries, providing basic information and reinforcing business constraints encountered by the private sector to export under AGOA (e.g. logistic and freight costs, enabling environment issues, and customs procedures). The program also brought in buyers and industry VIPs to talk to key export champions such as former Minister of Trade and Industry H.E. Girma Birru and Minister of Industry H.E. Tadesse

Haile to convey expert advice. Consultations with big AGOA exporting countries – such as Kenya – were arranged to share experiences and lessons learned. One significant outcome from these types of discussions was the establishment on an AGOA desk at the Ethiopian Revenue and Customs Authority.

“This project has been unique in that it often comes up with out of the box solutions appropriate for the Ethiopian business realities to help us build our capacity and access the large U.S. market.”

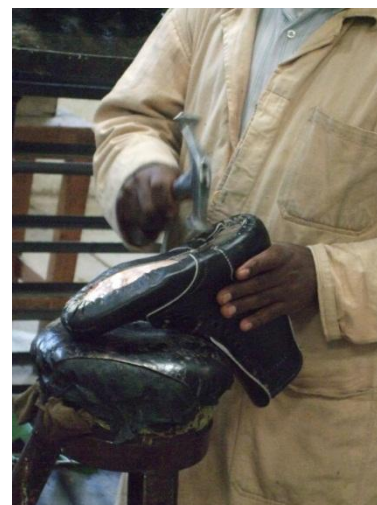
– Mohammed Umer, Novastar Garments

Each year, VEGA AGOA+ sponsored private sector and government representatives to the AGOA Forum and Regional Trade Hub events to facilitate regional discussion and provide information on programmatic success factors. VEGA AGOA+ was also instrumental in getting the Ethiopian Embassy in Washington D.C. to play a larger role in promoting Ethiopian companies in the U.S.

Case Study: VEGA Market Linkage Support Builds Sustainable Relationship with Harbor Shoes

In June 2010, the VEGA Ethiopia AGOA+ Program was invited by the Minister of Trade to look into supporting the export of shoes into the U.S. market. The Minister personally requested VEGA assistance due to prior success in the apparel sector.

In response to this request, VEGA first secured the services of a VE shoe export consultant with significant experience in sales and marketing in the U.S. shoe industry. The VE came to Ethiopia to interact with various factories before selecting those he believed were export ready. After the participating factories were identified, VEGA's next task was to identify the appropriate trade show for the Ethiopian shoes to showcase their products and create linkages with the U.S. retail industry. Before heading to the first show, marketing kits were developed for the Ethiopian producers with a tag line "Sourcing in Ethiopia." Each kit contained information on Ethiopia, its various factories, production capabilities, photos of products and contact details.



As a direct result of VEGA support, Harbor Shoes – one of the largest importers and distributors of shoes in the U.S. – decided to reengage with the Ethiopian shoe market. Harbor has tried to work with Ethiopian factories in the past and had stopped the program due to some technical difficulties. VEGA staff in Ethiopia, in cooperation with the VE, was able to assist in the resolution of these difficulties. As a direct result of this intervention, Peacock Shoes sent a sample order for evaluation. After six months of meetings and negotiating the fine details of logistics and costs, Harbor placed its first order for 5,000 shoes. The first shipment went out on schedule in August 2011. A second order for a full container of shoes was placed for USD 75,000 with Peacock Shoes for the 2011 Christmas season.

VEGA support from the AGOA+ Program initiated a long partnership between Peacock Shoes and Harbor that will lead to more than \$5 million USD of orders and exports over the next two years. Harbor Shoes has also expressed interest in securing the services of other factories in Ethiopia for orders into the US market. "With an investment of less than \$200,000 USD, Ethiopia will see a return of more than \$5 million USD in exports from Ethiopia from just this one retailer," noted Addis Alemayehou, Chief of Party of the VEGA AGOA+ Program. "It is this kind of one-on-one, targeted support that really helps buyers feel comfortable in engaging a new market."

Trade Show “Musts”

- Adequate preparation prior to attendance – such as selecting appropriate samples and developing industry standard marketing materials – is essential for trade show success
- Company representatives at trade shows events must be able to answer technical questions
- Prompt follow-up after a trade show is an indispensable means to build confidence with a potential business partner and turn a trade lead into a trade order.
- Repeat tradeshow participation by companies improves the buyer’s level of confidence and interest in extending a test order.
- Cost sharing by participating companies is essential to make trade show participation affordable.
- A group strategies within an industry via shared orders, access to supplies and other resources and technical equipment help generate larger orders and ensure order

BRANDING ETHIOPIA. VEGA AGOA+ has taken great stride in promoting Ethiopia as an emerging investment and trade destination. Through repeat participation in major shows and improvement in marketing materials and web site development and fostering intra-industry dialogue and coordination, the program has helped built-up the Ethiopia brand as a legitimate sourcing location. Ethiopia has taken significant steps at the sector level to band together and formed a strategy on the best way forward. However, there is still a lot of work to be done on sector coordination. U.S. buyers are known to be very demanding in terms of quality, delivery time and consistency. In order to overcome these challenges, Ethiopian firms need to continue to work together in an integrated manner to meet market demands.

At the firm level, Ethiopian firms have also shown considerable improvement as a result of VEGA VE assistance. Over the life of the program, VEGA AGOA+ provided technical assistance to individual firms and sectoral associations in preparation for trade show participation. VEGA VEs covered topics such as:

- pre-show preparation
- sample selection for trade shows
- marketing materials
- interacting with buyers
- networking with agents and distributions
- the importance of international certifications

The AGOA+ trade show and buyer’s mission activities have imparted valuable insights into buyer needs and psychology that will continue to generate long-term benefits for program participants. In sum, the reputational benefits that Ethiopia has attained as a result of VEGA AGOA+ strategies and interventions have been instrumental in building the Ethiopia brand and will continue the trend attracting new business.

VEGA AGOA+ Selected Trade Shows

- Fancy Food Show
- Material World Trade Show
- Global Sourcing Show
- World Floral Expo
- World Flower Show
- MAGIC

Case Study: “Made in Ethiopia” footwear Generates significant interest at MAGIC show

In February 2011, the USAID VEGA AGOA+ Program sponsored five shoe factories at the bi-annual Sourcing at MAGIC trade show in Las Vegas, Nevada. Two other companies sent samples and pricing lists for display in the Ethiopia booth. Six of these factories will also attend MAGIC’s August show under the Africa Pavilion organized by USAID’s East African Trade Hub.



Ethiopia has the largest livestock population on the African continent and the tenth largest in the world, giving it a noteworthy advantage in producing high quality footwear.

“One of the things that we have learned over the years is to access the companies we work with for export-readiness before we send them to trade shows” noted the program’s Export Promotion Specialist, Teddy Fassilo. By ensuring that sponsored firms have sufficient productive capacity, quality and the ability to adequately follow-up on market leads, VEGA AGOA+ is able to generate orders from each show attendance.

VEGA AGOA+ has also learned important lessons on how to better attract buyer attention at trade show events. “At the 2010 MAGIC booth, we had zero appointments and only 12 walk-by visits. This year we negotiated a better location, published a full page ‘Sourcing Ethiopia’ ad in the February edition of *Footwear Plus* magazine, and sent out a two e-mail blasts that went out to over 12,000 industry subscribers.” As a result, the Ethiopia booth drew 82 appointments and over 100 walk-bys from buyers, distributors and footwear agents. Harbor Footwear placed a test order for 5,000 pairs of shoes with Peacock Shoes that will ship in August. If successful, the initial order will generate AGOA exports for Peacock worth 250,000 per year.

AGOA footwear exports have grown dramatically under AGOA/GSP over the last three years, from 28,000 in 2008 to 510,000 in 2010. Reported footwear exports for 2011 are up 123% from last year. Estimates from VEGA AGOA+ forecast that Ethiopia will export more than 1 million USD in footwear products this year. Ethiopia’s combined exports of shoes, leather and leather products worldwide nearly doubled in 2010 to USD 104 million. The Government of Ethiopia’s five-year plan expects to generate \$500 million in annual income from footwear alone.

“A lot of people are wearing leather shoes where the fine print under the brand name reads ‘Made in Ethiopia.’ The availability of fine Ethiopian leather, coupled with low labor costs and duty-free entry under AGOA makes Ethiopian shoes highly competitive.” comments Addis Alemayehou, COP, VEGA AGOA+. The program has provided considerable technical assistance to the shoe sector, hiring a consultant to promote Ethiopian shoes out of the US, bringing out buyers to inspect local factories and sponsoring trade show participation.

Ethiopian Investment Authority Launches Office Website

In March 2011, the Ethiopian Investment Authority (EIA) launches an official website to help potential investors have access to current information on investment opportunities in Ethiopia.

The site was developed with VEGA AGOA+ support, in consultation with key government and industry stakeholders. As a result, a wide range of information such as Ethiopian proclamations and regulations, policy incentives and an Ethiopia investment guide is available online.

This is the first time that Ethiopia has provided this type of comprehensive investment information in one location. The VEGA program has also arranged for follow-up tech support so that EIA can properly maintain and update the site.

<http://www.ethioinvest.org>

ATTRACTING INWARD INVESTMENT.

Since the beginning of the program, VEGA AGOA+ has worked with local partners to attract inward investment to Ethiopia through its market linkage and outreach programming. Partnerships with Precise Consulting, a local equity investment fund, and the Ethiopian Investment Authority (EIA), among others, have lent to the sustainability of this activity. Further, the DDI Credit Guarantee Facility served as an incentive program, encouraging Diaspora to invest in Ethiopia through DCA's loan guarantee program. The DDI received over 850 interested applicants.

The AGOA+ Program has actively supported the Ethiopian Diaspora Business Forum held annually in Washington D.C. Since its inception in 2005, the Forum has attracted hundreds of Ethiopians, and non-Ethiopians, interested in Diaspora businesses and investment opportunities in Ethiopia. It serves as a key platform for Diaspora discussions on many important issues such as trade and investment in Ethiopia and the United States, the African Growth and Opportunities Act (AGOA), business

environment and related regulatory affairs. Six years later, the Diaspora Forum continues to grow stronger each year by empowering the Diaspora business community with valuable information and enabling the community to participate in Ethiopia's economy and development in a meaningful way.

The 6th Annual Forum featured Zemedeneh Negatu, managing partner, Ernst & Young Ethiopia, and the Hon. Mimi Alemayehou, Executive Vice- President of Overseas Private Investment Corporation (OPIC), as the keynote speakers of the awards dinner. Hon. Vincent C. Gray, Mayor of Washington D.C. It also provided awards to Ermias Amelga, chairman of Access Capital, and Ethiopian born Noah Samara, founder and CEO of World Space.

DEMONSTRATED THE VIABILITY OF DIASPORA AND WOMEN ENTREPRENEURS.

The immediate impact of USAID’s DDI Credit Guarantee Facility was to strengthen access to credit for two very important entrepreneur groups – the Diaspora and women. The program also provided firm level training and business development services through IESC VEs and permanent staff that maximized each borrower’s chances for success. Unfortunately, the lending environment in Ethiopia took an unfortunate turn as a result of the global financial crisis and a lending cap imposed on the financial sector by the GOE. The lending cap was only removed in April of 2011 and replaced with a similarly restrictive requirement to buy government bonds linked to a percentage of banks’ outstanding loan balances. Consequently, the number of loans extended over the life of the project did not meet expectations. Despite this challenge, VEGA AGOA+ was also able to make progress toward the larger goal of initiative by demonstrating the viability and profitability of women and Diaspora owned business.

To this aim, the VEGA AGOA+ program played a facilitative role, providing training about financing options to the banks and introducing new lending mechanisms based on cash flow. A total of three rounds of training – each with a five-day session – were conducted in the credit department of the DCA’s four partner banks. Topics ranged from basic to more advanced skills sets including: financial statement analysis, risk analysis, credit portfolio management, strategic marketing and planning, analytical & comparative ratios, and cash-flow based project analysis.

The training incorporated case study exercises from a variety of different sub-sectors including manufacturing, agriculture and quarry development. Training participants walked away from the trainings with a greater understanding and appreciation for cash-flow lending mechanics. It

DDI Borrower: Habtamu Dagne Food Spices & Flour Processing Center

Habtamu Dagne Food Spices and Flour Processing Center is a project promoted by a Diaspora from the United States. The project owner had previously constructed a production warehouse facility in Kality, in the outskirts of Addis Ababa. After completing the warehouse which was financed 100% through personal funds, the investor required additional capital to purchase machinery and equipment, as well as working capital to start operations. All machinery and equipment were purchased from the local market; the availability of machinery and equipment in the local market provided an advantage to secure financing in an environment where SMEs find it difficult to access finance. The business has the potential to generate up to ETB 8,100,000 (USD 724,119) of annual profit. The company was able to secure financing through the DDI program, and since has been able to repay the DCA Guaranteed loan in full.

is expected that these activities will continue to encourage substantial new investment into Ethiopia over the coming years, as and if the lending environment becomes more favorable.

Case Study: DCA Loan Guarantee Proves Particularly Successful for Women Entrepreneurs

When USAID/Ethiopia initiated its loan guarantee credit facility in 2009, its principal aim was to mitigate the perceived risk of lending to women entrepreneurs and Diaspora investors. Three years later, the facility has proven particularly success for women. Since the activity's inception, over 4 million USD in loans have been extended to both local and Diaspora women borrowers. These entrepreneurs run the gamut, from import distributors to garment manufacturers.

"Due to the availability of a collateral guarantee from USAID, my company was able to access ten times the amount of financing than I would have without the guarantee," notes the owner of MAKY, a local import and distribution company. "The loan allowed me to purchase and distribute materials in mass quantity and to introduce new product lines."



Asnakech Thomas, Diaspora owner of Amaro Gayo Coffee Mill, was able to utilize USAID's DCA loan facility to expand her exports of her premium brand of specialty coffee.

The DCA program has also gone a long way in helping to change the perception of women borrowers in the banking community at large. According to Bank of Abyssinia representatives, women borrowers are "clearly credit worth" based on the performances of the women so far. "Lending to this customer category is unquestionable."

Nib International Bank has similar things to say about its women borrowers. "The USAID DCA credit guarantee has been a source of confidence to the bank in mediating risks associated with financing projects/businesses owned by local and Diaspora women entrepreneurs." It also stated that lending to this customer category without the guarantee would have limited the size of credit exposure to this customer group.

Although the program has made great strides in demonstrating the credit worthiness of women entrepreneurs as a lending group, most of the bank participants expressed the need for continued guarantee support for women. In the absence of the DCA guarantee, loan amount may reduce for women who lack the collateral to merit higher loan amounts. "Policy change at the regulatory level is required in order to grant loans without traditional types of collateral."

3. VEGA AGOA+ AND AGCI

3.1 VEGA AGOA+ COLLABORATION

The African Global Competitiveness Initiative (AGCI) is a Presidential Initiative conceived in 2005 to support African policymakers in reducing poverty and raising living standards by advancing trade-led economic growth. In this way, AGCI is able to help African countries take better advantage of open trade and the African Growth and Opportunity Act (AGOA). The AGCI program is funded at a level of \$200 million over five years. AGCI is implemented by the three regional USAID missions in Africa, more than 10 bilateral USAID missions, several U.S. Government (USG) agencies, and USAID/Washington.

AGCI supports efforts USAID economic growth activities that:

1. improve the business and regulatory environment for private sector-led trade and investment,
2. strengthen the knowledge and skills of African private sector enterprises to take advantage of market opportunities,
3. increase access to financial services for trade and investment, and
4. facilitate investment in infrastructure.

VEGA AGOA+ activities fall under category two and three of the AGCI framework. Over the life of the program, VEGA AGOA+ has consistently collaborated with the initiative through its four regional Global Competitiveness Hubs, which are the primary implementers of AGCI. In this manner, VEGA AGOA+ has facilitated linkages with the Hubs which provide information and technical assistance to African organizations, USG agencies, donor and civil society organizations, and the private sector on trade, investment, and business activities in the region, including training opportunities. The program's collaborative efforts have been instrumental in maximizing USG resources under AGCI and sharing lessons learned Africa-wide.

3.2 KNOWLEDGE SHARING AND ANALYSIS (KSA) PROJECT

The KSA project supports AGCI by identifying and disseminating trade-led economic growth best practices among African institutions, governments and enterprises, Global Competitiveness Hubs, and other AGCI stakeholders including through knowledge sharing and analysis briefs, summaries of applied best practices, conferences, trainings, and presentations.

VEGA AGOA+ has been a repeat subject of KSA output, providing information for "best practices" brief and materials. The program's Chief of Party, Addis Alemayehou, has also been a key note speaker of KSA sponsored forums and events.

4. LESSONS LEARNED AND RECOMMENDATIONS

4.1 PROGRAM CHALLENGES

Overall, the VEGA AGOA+ program was successful in achieving anticipated goals – and often exceeding them. The program easily adapted to the needs of the business community in Ethiopia, working in close partnership with the private sector, Ministry of Trade and Industry, the Ethiopian Chamber of Commerce and the Ministry of Foreign Affairs through the Ethiopian Embassy to the United States in Washington D.C. These relationships resulted in a strong alignment between Ethiopia’s most pressing exporting constraints and IESC technical interventions on the ground.

Since the beginning of the program in 2005, VEGA AGOA+ was directed by the USAID Mission to undertake three primary action areas: (1) trade capacity build and export promotion, (2) strengthening the institutional capacity of BMOs and government agencies and (3) promoting access to finance – first through investment finance from the Diaspora and later loan finance through USAID’s DCA loan guarantee program. As the program progressed, the actual workability of some of the VEGA AGOA+ tactics and proposed local partnerships became clearer. Consequently, VEGA AGOA+ technical assistance refocused, seeking new partnerships as needed. The following outlines some of the adjustment made by program under each activity area.

Trade Capacity Building and Export Promotion. The final modification of the program envisioned the creation of an Ethiopian Textile and Garment Sourcing Office that would be able to undertake the export promotion services provided by VEGA AGOA+. Unfortunately, this level of funding of the program did not make this type of investment possible. As a substitute, IESC hired a full-time staff member that worked directly with the textile and garment companies on a day-to-day basis to build their capacity to meet international buyer demands. Services included: facilitating sample selection, undertaken certification, developing internationally appropriate marketing materials, performing cost analysis in preparation for trade show participation and buyer meetings. Many of these firms are now able to undertake many of these activities themselves. Where capacity is still lacking, VEGA AGOA+ clients now understand the value of such services and are willing to pay for them as needed. That said, cost-sharing ‘match’ funding approaches for securing quality TA are likely a best future investment of USAID development dollars in trade capacity building and export promotion.

Strengthening the Institutional Capacity of BMOs and Government Agencies. VEGA AGOA+ anticipated that working with ECCSA and later the American Chamber of Commerce in Ethiopia (ACCE) would foster a sustainable skills and knowledge transfers that

would go on long after the program's end. In light of this goal, a number of successful activities, trainings and VE assistance were directed toward these institutions. The ECCSA and other specific sector associations responded positively to VEGA AGOA+ activities; and, although progress was made in building BMO capacity in Ethiopia, it became apparent that these partnerships would not be able to achieve the intended, long-term sustainability of the program. The break down in leadership and ultimate decertification of the ACCE was particularly disappointing and due to circumstances beyond the control of VEGA/IESC or USAID. This ACCE breakdown has left a vacuum in bilateral service support to the US and Ethiopian business community.

As a result of all of the above, in its last year, VEGA AGOA+ Program began to focus its attention on selected BMOs such as the Women's Entrepreneur Group (WEG) and the Ethiopia chapter of CAWEE where more progress was deemed attainable. Where possible, the program also directed its firm clients to private sector organizations (primarily local ones) capable of providing fee-based business and information services.

Access to Finance. Although there was strong demand for services provided under the DDI Credit Guarantee Facility, the lending environment in Ethiopia significantly hampered the program's ability to generate loans. Shortly after the creation of the DDI Facility, the Central Bank of Ethiopia (CBE) issued a directive to impose a lending cap on all banks. This slowed the flow of credit to the private sector. The rationale behind this directive was to fight Ethiopia's high inflation level and prevent capital flight from the country.

In light of this constraint, VEGA AGOA+ focused on the capacity building aspect of the DDI activity, particularly to the private sector by assisting them to put together "bankable" business plans that would be attractive to lending institutions and investors alike. In addition, the program scaled-up outreach to Diaspora and other investors with access to capital by compiling and disseminating industry information on high potential investment sectors. In order to make significant strides in enhancing access to financing for these lending groups, it is imperative that USAID and other donor groups work to ease the regulatory constraints that continue to plague Ethiopia's financial services sector. It is also recommended that USAID consider approaches to linking the unregulated financial sector with the financial sector, as the former is growing and serving a populace that will likely be the future borrowers and investor savers for Ethiopia in the nearest future.

4.2 VEGA AGOA+ LESSONS LEARNED

One of the fundamental purposes of program management and reporting is to help other USAID funded programs share knowledge and benefit from field experience. In the light of this objective, the following represents the "lessons learned" that VEGA AGOA+ believes are

important for any market linkage and trade capacity building program in general and for Ethiopia moving forward:

ENHANCING EXPORT READINESS OF LOCAL FIRMS. The VEGA AGOA+ program primarily focused its activity on export ready or near export ready firms, that is, firms with sufficient capacity in terms of market readiness, productive capacity, and commitment to investment and in upgrading their business models. This strategy was particularly appropriate given the program's limited funding, particularly during the first three years of the program. However, there are many promising, domestic-producing firms that could be made export ready with targeted training on product standards, quality control, market trends, pricing, and export logistics. Through close collaboration with other USG and donor funded programs, many of these firms could begin servicing international markets through trade shows, trade missions, roundtable discussions and direct buyer engagement.

TARGET NEW SECTORS. Over the life of the program, VEGA AGOA+ focused support to textile and apparel, leather and handicraft goods with limited assistance to a few other sectors. During the last two years of the program, VEGA AGAO+ began increasing its attention on diversifying Ethiopian exports under AGOA. Ethiopia presents significant opportunities in the natural products, organic products, footwear and other sectors in Ethiopia that would significantly benefit from market linkage services to grow exports. Given USAID/Ethiopia's current focus on agriculture through the Feed the Future (FTF) initiative, future market linkage activities could focus on agribusiness sectors such as honey, oilseeds, spices horticulture and other specialty food products. Given the leather industry's link to smallholder livestock production, the shoe industry also offers an important value added product that meets FTF income and poverty reduction goals.

COST SHARING. VEGA AGOA+ consistently encouraged the organizations and firms receiving technical assistance and other program support to contribute to costs. By encouraging contribution of direct costs, the organization and firms had a vested interest in working strategically with the VEGA AGOA+ program to design and implement projects. In the case of trade show participation, clients were able to benefit from repeat attendance of a particular trade show, while building up the ability to self-finance in the future. While the agreements varied, clients generally agreed to cover some or all of the following: airfare, per diem, lodging, and local transportation.

ACTIVELY ENGAGING THE DIASPORA COMMUNITY. The Diaspora presents a significant opportunity for developing countries to tap into the knowledge, experience and networks of individuals with a significant emotional connection to their country's economic development.

However, many Diaspora are hesitant to invest in their home country due to limited access to information about opportunities and uncertainty as to the official procedures and regulations that govern business transactions. Programs such as the DDI Credit Guarantee Facility go a long way in assuaging some of these concerns. Ethiopia has only begun to reap the benefits from the Diaspora's potential. Fortunately, the GOE and many of the international donors in Ethiopia, have begun to see the potential benefits of working with the Diaspora as a key "champion" and partner to help Ethiopia reach its economic development goals.

ENSURING STAKEHOLDER BUY-IN. Program success is unlikely unless all development stakeholders are drawn in from the start. Once stakeholders are on board with a program's ideas, they are likely to remain involved, supporting the program over its lifetime. One of most impressive attributes of the VEGA AGOA+ program has been its close relationship with the GOE, private sector beneficiaries and donor partners. These stakeholder partnerships have allowed the program to generate impressive results with a limited amount of resources. As with most development programs, however, not all partnerships yield the intended results. The program's experience with the ACCE presents a good example. Leadership from the ACCE was involved throughout the design and implementation of support to the association. However, many of the motivations and intentions of the leadership as ACCE were unclear until the partnership was in full motion. Thus, despite best efforts by VEGA AGOA+, the partnership was unable to yield the level of services and attract the membership needed for its long-term sustainability of ACCE. The lesson learned here is that sometimes a project has to cut its losses and move on to a more sustainable and viable partnership.

WORKING TOWARD SUSTAINABILITY. All development programs end. It is the hope of most that the successes generated over the life of the program can be sustained even without development assistance. Many of the activities and interventions of the VEGA AGOA+ have yielded long-term benefits to the firms and associations that were involved in the program. For example, many of the producers that benefited from VE technical assistance and trade show sponsorship are now able to sustain these activities without donor support. However, other beneficiaries, such as Ethiopia's nascent BMO sector, will continue to require ongoing and new activities. The expectation is that any follow-on assistance will build on and surpass prior results. In order to facilitate this process, VEGA AGOA+ made an effort to forge linkages with donors and NGOs on the ground such as CIPE, GTZ's Capacity Building Program, the World Bank and other USAID programs so that momentum is not lost.

Case Study: VEGA AGOA+ Facilitates Export of Hand-Woven Textiles and Leather Goods

Ethiopia's unique culture and traditions are exhibited through its distinct hand-woven textile and leather handicraft products. However, in the past, Ethiopian handicrafts have suffered from limited exposure in international markets. Seeing an opportunity for market entry, the VEGA AGOA+ program has been working with Ethiopian artisans and handicraft companies to take advantage of the duty-free and quota free access to the U.S. market under AGOA.



Once such company, Sammy Handmade-in-Ethiopia, offers fresh and contemporary pieces with the dual aim of preserving the country's long history of weaving, while infusing the tradition with new inspirations. Each product is hand-woven, dyed, and embroidered by skilled artisans, ensuring integrity, beauty, and uniqueness. Sammy aims to showcase stylish products that are created with care in a manner that improves the lives of the artisans it employs. Sammy's product line includes a wide range of scarves, throws, pillow covers, runners, bags, and curtain panels.

Sammy Handmade in Ethiopia has been receiving USAID support since 2007. In the last four years, the company has grown from six to 43 permanent staff. During FY 2010, there were 236 weavers, embroiderers, and leather producers working in association with Sammy Handmade in Ethiopia. Many products are made in collaboration with cooperatives that support women affected by AIDS. Another group of 112 women skilled in embroidery, weaving and sewing in a small town outside of the capital also work with the company.

In 2007, Sammy Handmade-in-Ethiopia received support from VEGA AGOA+ to attend the Designers and Agents Show in New York, where it had the opportunity to meet potential buyers for the first time. USAID support allowed the company a second chance to participate in the New York show in 2010. Sammy Handmade in Ethiopia received \$100,300 in orders from 27 boutiques, specialty shops, and department stores for leather bags and hand-woven scarves in the United States. Its USAID-supported participation in the trade shows in the United States, however, taught them one of the most important lessons: small investments can lead to significant gains.

Production is already under way to fill orders that will be delivered to stores in the United States as early as the beginning of January for the 2011 Spring Collection sales and onward.

5. ANNEXES

5.1 INDICATOR TABLE

Element	No.	Indicators	Years 1-4 (cumulative)	Year 5		Year 6		Life of Project	
				Target	Achieved	Target	Achieved	Target	Achieved
Trade and Investment Capacity	1	Increased dollar value of AGOA/GSP exports ¹	3 million (2005 baseline)	15 million	10.37 million	25 million	15 million (estimate)	25 million	15 million (estimate)
	2	Dollar value of sales from exports as a result of USG assistance	12.1 million	5 million	1.97 million	10 million	5 million (estimate)	21 million	19.07 million
	3	No. of buyer/seller linkages established in export markets as a result of USG assistance	10	--	10	--	15	--	35
	4	No. of jobs created as a result of AGOA/GSP exports facilitated by the VEGA/AGO+ Program	1,000	--	2,168	--	2,500	--	5,668
Private Sector Productivity	5	Amount of Private Financing Mobilized with the DCA Guarantee	1.6 million USD	--	3.5 million USD	--	3.2 million USD	17.2 million USD	6.4 million USD
	6	No. of SMEs that successfully accessed bank loans or private equity as a result of USG	4	--	23	--	15	--	38
	7	No. of firms receiving USG assistance to improve their management practices	802	--	223	--	71		1,116
	8	No. jobs created as a result of DCA financing	115	--	657	--	281	--	1,053

¹ The USAID Ethiopia Mission target for LOP was to increase AGOA/GSP exports to a total of 25 million USD by 2011. Year 5 and Year 6 "Achieved" represents the total AGOA/GSP figures for that given year. See www.info.agoa for USG generated statistics.

5.2 FINAL PROJECT PMP

Element	No.	Input/Activity	Years (1-4)	Year 5	Year 6	Life of Project
Trade and Investment Capacity	1	No. of AGOA outreach activities sponsored or attended by program staff	70	15	10	95
	2	No. of buyer's missions/reverse trade missions and other trade promotion activities facilitated by the Program	14	5	2	21
	3	No. of participants in buyer's missions/reverse trade missions and other trade promotion activities	762	245	166	1167
	4	No. of trade shows attended by Program beneficiaries	9	7	5	21
	5	No. of firms that attended trade shows as a result of AGOA+ support	35	25	12	58
	6	No. of VEGA experts volunteers utilized to provide support to key export sectors	20	16	10	46
	7	No. of trainings/seminars conducted to build trade capacity in AGOA export related topics	18	6	9	33
	8	No. of participants in capacity building trainings/seminars	556	139	75	770
Private Sector Productivity	1	No. of DCA outreach events sponsored or attended by project staff	11	4	3	18
	2	No. of trainings provided to DCA banking institutions	1	0	2	3
	3	No. of individuals trained at DCA banking institutions	60	0	64	124
	4	No. of investors that inquired about the DDI program	300	307	200	807
	5	No. of proposals reviewed, analyzed and commented on by DDI staff	95	69	59	223
	6	No. of applications complete, processed and sent to the banks	80	37	13	130
	7	No. of loan approvals	4	23	15	38

5.3 VEGA AGOA+ TECHNICAL ASSISTANCE

5.3.1. Volunteer Projects

Volunteer Expert	Sector	Dates	Project Description
Elizabeth Wald	Handicrafts	October 2005	Provided handicraft training to Handicraft Associations in Ethiopia
David Diver	Floral	March 2006	Provided technical assistance at the World Floral Expo in Miami, FL
Margaret Bishop	Apparel and Textiles	April 2006	Completed an assessment of and provided recommendations to Ethiopian apparel and textile companies
Suliaman Shifaw (Diaspora)	Multi	July to November 2006	Provided technical assistance and advisory services through one-on-one mentoring to Ethiopian firms
Hagerey Berhe (Diaspora)	Apparel and Textile	August to September 2006	Assisted Ethiopian firms to prepare marketing and promotional material for the New York Material Trade Show
Eliab Tarkghen (Diaspora)	Chamber	July to August 2008	Developed an oral ICT strategy for the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA)
Samson Teffera (Diaspora)	Chamber	July to August 2008	Assisted the Ethiopian Chamber of Commerce and Sectoral Associations (ECSSA) and its members in studying and developing an overall ICT deployment strategy
Jean Claude Mazingue	Apparel and Textile	October 2008	Assisted Ethiopian Apparel exporters on U.S. Market information by evaluating the prospects for increased trade between Ethiopia and the United States in the apparel and uniform industry

Jean Claude Mazingue	Apparel and Textile	December 2008	As a follow-on to the study, the expert worked with individual Ethiopian apparel companies on accessing the US market
Jean Claude Mazingue	Apparel and Textile	February 2009	Facilitated buyer-seller agreements and also to facilitate buyer familiarization of products
Emeka Nwankwo	Multi	April 2009	Presented at the WTO Accession Plus event and analyzed Ethiopian company readiness to export to US
Richard Lewis	DDI Program	July 2009	Assisted the Ethiopian Banking Sector by providing training on cash flow analysis, portfolio management and risk management
William Vawter	Multi	February to March 2010	Provided customs operations training to the Ethiopia Revenue and Customs Authority
Mervyn Taub Noland Deas	Apparel and Textile	May 2010	Provided one-on-one assistance to a number of Ethiopian textile and garment manufacturing enterprises looking towards exporting. The goal was to make producers aware of the level of competitiveness required to respond to the needs of international buyers or consumer and to provide recommendations on safety and operations management to improve their opportunities to export competitively.
Jordan Saliman	Leather/Footwear	October 2010	Conducted research on marketing techniques and supply side operations in Ethiopian companies. Work with the companies to establish business connections, provide business leads and market their products in the US

Eyob Tolina (Diaspora)	Leather/Footwear	October 2010	Provided training to potential Ethiopian shoe manufacturers on exporting opportunities to the US.
Marc Pequet	DDI Program	November 2010	Provided credit analysis training to banks, project evaluation, cash flow management
Fitsum Andargue (Diaspora)	Chamber	December 2010	Provided training and one-on-one consultation for the Ministry of ICT, Addis Ababa Chamber of Commerce, and Addis Ababa University's technology department in change management, organizational development, and capacity building.
Jasperdean Kobes	Handicrafts	April 2011	Assisted Ethiopian women engaged in the production of handicraft items and who are looking for export business in the US. Training was provided to make producers aware of the level of competitiveness, in terms of product quantity, quality, price and speed-to-market, required to respond to the needs of international buyers or consumers.

5.3.2. Short Term Technical Assistance Projects

VEGA Expert	Sector	Project Description
Henok Assfew (Diaspora)	Chamber	Provided mentoring services on capacity building to the Ethiopian Chambers.
Imruwa Demissie (Disapora)	DDI	Performed studies and gathered information related to the financial and banking sector.
Robert Karanja	Multi	Provided training to Ethiopian firms on improving operations and the capacity to export.
Institute for Trade and Commercial Diplomacy (ITCD)	Chamber	Provided mentoring services to newly appointed Executive Director and Board of Directors of the Ethiopian American Chamber of Commerce of Ethiopia (ACCE) in serving the business community, marketing ACCE services, increasing membership, raising funds, and collaborating with the U.S. Embassy to promote a strong bilateral relationship between the two countries.
Jeanah Lacey	Customs	Completed a study to assess the impediments in Ethiopia's customs administration that prevent the private sector from fully taking advantage of the market potential for its import- export businesses with recommendations for the Government of Ethiopia (GOE) to capture the trade facilitation benefits of a fully functioning and effective customs regime.
Jordan Saliman	Footwear/Leather	Provided operations and marketing advisory services to Ethiopian Footwear firms, supported the Footwear firms prior to and at related Trade Shows in the US as well as provided business linkages for the Ethiopian firms. Efforts resulted in a multi-year deal for one Ethiopian firm and potential opportunities for other firms.
Emeka Nwankwo	Multi	Provided advisory services for and worked with Ethiopian exporters on product development. Provided ongoing strategic and tactical guidance to the market entry effort in the US, as well as business linkages. Researched product opportunities and new markets for the Ethiopian firms.