

**Trade Facilitation Office Canada (TFO Canada)**

**Making trade work for development: Export Capacity Support for Small exporters from Asia-Pacific (ECSAF) least developed countries in specialty agro-food value chains:**

**Market Entry Studies for Cambodia, Laos and Myanmar**

**May 2017**

**Terms of Reference (ToRs) for Market Entry Studies**

Trade Facilitation Office Canada (TFO Canada) is a not for profit organization founded in 1980 with the mandate to confront the challenge of global poverty by promoting sustainable economic development through export information, advice and contact. TFO Canada improves lives through the creation of sustainable trade partnerships for exporters from developing countries with Canadian and foreign buyers.

TFO Canada is collaborating with Canada's International Development Research Centre (IDRC) to support small and medium-sized enterprises (SMEs) in least developed countries (LDCs) that face multiple constraints to grow and provide employment opportunities. The joint initiative seeks to empower SMEs by strengthening their market research capacities, fostering peer exchange among exporters and connecting them with Canadian buyers.

As part of its mission to produce knowledge and generate solutions in the developing world, IDRC seeks to enhance the employment and economic opportunities of vulnerable groups, particularly women and youth. IDRC supports the value chains associated with the production, distribution, and servicing of goods and services as they provide an important opening for small and medium businesses and their workers to benefit from trade.

The objective of this assignment is to prepare three Market Entry Studies, one for each of the client countries involved in this project - Cambodia, Laos and Myanmar. The Studies will identify exportable products and producers/exporters in the agro-food sector (focus on specialty food products<sup>1</sup>) and rank them in order of export potential/suitability for the Canadian market, supply chain capacity and ability (of this sub-sector and products) to generate positive socio-economic development effectiveness/traction in the client country, including quality employment, gender parity/equality and sustainable environmental practices. The reports will also provide specific market entry recommendations for the producers/exporters for the top exportable products in the subject sector.

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<sup>1</sup> We are considering the definition by the National Association for the Specialty Food Trade (NASFT), in line with Agriculture and Agri-Food Canada, which defines specialty food as "Foods and beverages that exemplify quality and innovation, including artisanal, natural, and local products that are often made by small manufacturers, artisans and entrepreneurs (...)". Available at <http://www.agr.gc.ca/eng/industry-markets-and-trade/statistics-and-market-information/agriculture-and-food-market-information-by-region/canada/the-specialty-food-market-in-north-america/?id=1410083148460#c>



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Applicants may submit proposals for one or more countries involved in this initiative. Preference will be given to a team of two researchers: one based in North America with a knowledge of the Canadian market and trade opportunities in the agro-food sector and one based in the target country/region with experience in international trade and understanding of export's barriers and enablers for local agro-food producers. However, we encourage submissions from individual researchers as we may be able to pair proposals that demonstrate strong technical abilities in one of the target regions.

### Outline of the Market Entry Studies:

The market entry studies will analyze ways to promote exports of specialty agro-food products from Cambodia, Laos and Myanmar to Canada. A market entry strategy is an informed and planned method of delivering goods to a new target market and distributing them there. The exports of specialty agro-food products incorporate local, and often unique value, with prospects for expanded trade opportunities from Least Developed Countries (LDCs) to Canadian/global markets. The studies will explore the challenges and opportunities for exporting the specialty agro-food products, particularly from the perspective of a Small and Medium Exporter (SME) based in the Asia-Pacific LDC (internal and external, such as business environment, internationalization, market access constraints, export logistics etc.)

The studies will present the business case for these exports, but it will also pay attention to how these exports could provide employment opportunities for young, female or ethnic entrepreneurs or workers in the target country.

The strategy paper will use the most updated information from the selected economic sector, inform an audience of practitioners and policy analysts about the most updated information from the selected economic sector (specialty agro-food), the strategic relevance of the sector, provide a database of contacts of entrepreneurs in the sector, conduct structured interviews with entrepreneurs and experts, and propose practical solutions to overcome barriers to trade with Canada.

Specifically, the market entry studies will follow the structure as below:

- Provide **overview of the agro-food sector in general, with focus on the specialty processed food sector/products**, its production, exports to the world and to Canada, in the focus region (Asia Pacific) and countries (Cambodia, Laos and Myanmar). This would include: overall importance of the sector in the country's economy, estimated number of producers, examples of top exportable products (highlighting niche, value added with unique sales proposition/value ), people engaged in the production or trade, current or estimated local sales or exports to regional and developed markets, etc.). The report will focus primarily on the supply side analysis, with issues relating to capacity of LDC exporters to deliver quality products, logistics, cost, competitiveness, among others. This section would illustrate the overall importance and relevance of the "niche, small-producer" export model proposed, highlighting potential gains in employment or any other social benefits (including women employment,



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women-led businesses and disadvantaged communities) as well as any major environmental risks associated with increased production. It will include:

- **any existing local literature** on the subject (such as local studies, reports, or any other publication)
  - **any global or local initiatives** in *the LDC country* by the government or non-government agencies that aim to promote trade in specialty agro-food products to global markets, with focus on Asia-Pacific LDCs, and the target country.
  - **Industry and trade promotion organizations** with a mandate related to export promotion in general or representing agro-food producers/exporters (industry associations, chambers of commerce, department of trade, etc.)
  - **SWOT analysis highlighting major constraints and opportunities for identified top niche/specialty products exports**
  - (optional) to the extent possible, include a simulation exercise or examples to illustrate the importance of gaining further participation of LDC producers in trade and the resulting additional value in bilateral trade with Canada and GDP for the trading partners.
- Provide a **profile of small and medium sized producers** (the initiative does not cover large enterprises engaged in mass produced food products). The studies will identify a pool of 20 to 50 small entrepreneurs as potential exporters (name and contact information such as phone, email; website, line of products, size of business, production and export capacity, export experience, current export markets, and any other relevant information). Data would come from available directories and databases, chambers of commerce, trade promotion departments or other similar associations.
  - Provide a **detailed business case strategy for entry into Canada** for an average producer in the specialty agro-food sector from the specific LDC. The paper will consider different avenues in which the LDC entrepreneur/company could enter Canada. The choice of strategy will depend, but not be limited to: tariff rates, non-tariff barriers, exchange rates, and the target market access requirements (e.g. LDC market access), obstacles to producing and delivering exports from the LDCs, the degree of adaptation of the product required for the Canadian market (including packaging, labelling, branding, etc.), marketing and transportation costs to Canada. All these factors may increase costs but also offer potential sales that could offset these high costs.
    - Direct exporting may be the most appropriate strategy, and a major challenge will be that the LDC entrepreneur would need to liaise with specialty importers/distributors or to engage local (Canada-based) agents/brokers for prospective representation in that market (this is often part of TFO Canada's strategy to support small producers).
    - Besides direct exporting, other strategies can be to set up a joint venture, licensing, franchising, partnering, joint ventures, piggybacking.



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- Conduct and document one or two **focus group discussions** among 10-15 LDC entrepreneurs about their actual or potential exports to Canada (and other countries); and several interviews with trade officials and practitioners (qualitative evidence) to validate contact information and potential market entry strategies.
- Design a **one-day presentation**, customized for specialty agro-food sector entrepreneurs to increase their awareness and potential of Canada as a destination for their goods. The PowerPoint presentation would include use of key information (infographics) to summarize the key findings of the market entry studies, including the business case. (in coordination, and cooperation with TFO project manager and TFO experts/consultants with expertise in the Canadian import agro-food market, participating in the project planning and implementation).
- Provide a series of **recommendations** for producers, local authorities and Canadian partners in order to boost export capacity and promote entry into Canada (in close coordination, and cooperation with TFO project manager and TFO experts/consultants with expertise in the Canadian import agro-food market, participating in the project implementation).

### Application Process

Applicants may submit proposals for one or more countries involved in this initiative. Proposals must be submitted in English. Preference will be given to North-South partnerships. Bidders should provide the following items as part of their proposal for consideration:

- an annotated outline explaining how your study will incorporate each of the components outlined in these terms of reference;
- a draft table of contents of your prospective study;
- curriculum vitae for the main researcher and (if applicable) associates;
- a cover letter describing your experience (and research team, if applicable) with market research, particularly for export from developing countries to developed markets, including Canada and agro-food sector;
- a quote indicating the total cost of your services.

**Eligibility/Bidder Qualifications:** The individual researcher(s) needs to have or be working towards a graduate degree in management, business or commerce. The researcher(s) must have a deep knowledge and experience in the agro-food industry/export market in the respective target country/region. Proficiency in English is required.

Proposals will be assessed on their technical and financial aspects; the lowest bid will not necessarily be the first choice for this contract.

**Timing and deliverables:** The contract will last a maximum period of 3 months (August to October 2017). After signing of the contract, the following are expected deliverables:

Detailed table of contents -	by August 25 <sup>th</sup> , 2017
First draft report and PowerPoint presentation-	by September 22 <sup>nd</sup> , 2017
Final report and PowerPoint presentation with revisions -	by October 6 <sup>th</sup> , 2017

**Costs:** Total costs for each research paper (per country involved) should not exceed CAD\$15,000 for individual researchers for an estimated 30 days of full-time work over a 3-month period. The research paper will include meetings in the target country. The researcher is expected to acknowledge at least one peer reviewer from his or her professional circles. If required, an optional visit to Canada might be arranged, but it is not part of the cost.

**Closing date for applications:** The deadline for applications is July 9<sup>th</sup>, 2017 by midnight EST. Applications must be sent by e-mail to Maristela Carrara, Project Manager at TFO Canada, at [maristela.carrara@tfoCanada.ca](mailto:maristela.carrara@tfoCanada.ca). Questions/inquiries on this assignment should also be addressed at Ms. Carrara.



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