

TERMS OF REFERENCE

CONSULTANCY SERVICES - DEVELOPING THE EXPORT READINESS OF TRINIDAD AND TOBAGO COMPANIES FOR THE EUROPEAN UNION MARKET – FIT 4 EUROPE II

1. BACKGROUND

1.01 Trinidad and Tobago (T&T) is a high-income country^{1/} with an economy driven by natural gas and petrochemical exports and well-developed industrial and financial sectors. Non-energy exports account for around 15% of total exports, with the food, beverages, and tobacco industries accounting for more than half (58%) of T&T's total manufacturing output^{2/}. Manufacturing growth has been based on several competitive advantages. These include low-priced energy and natural gas, two international ports that are well served by shipping lines, and good availability of local or imported raw materials.

1.02 Despite these advantages, the main challenge to sustainable development for T&T has been the vulnerability created by an over-reliance on the oil and gas sector. T&T's export earnings over the years have fluctuated due to international energy prices and demand shocks, while import volumes have been trending upwards and export values trending downwards. In April 2020, the Government of Trinidad and Tobago (GOTT) indicated that it expected a decline in revenue in excess of TT\$2.5 billion as a result of the dramatic decline in oil and gas prices on the global market. For T&T, natural gas production fell by 14.5% between January and November 2020^{3/}. This coupled with the current Coronavirus disease (COVID-19) pandemic, GDP is estimated to have contracted by 11.4% in 2020^{4/}. Preliminary data from the Central Bank of Trinidad and Tobago's Index of Real Economic Activity showed a decline in economic output for the first half of 2020. The fall was more protracted in Quarter 2 (-13.7%) during the height of the lockdown, which had been implemented in March to limit the spread of the virus. Following a phased reopening in May, tighter restrictions were reintroduced shortly, and border closures were maintained until the end of 2020. These measures are expected to have further constrained economic activity in the second half of 2020. This shortfall will severely impact the Government's ability to sustain economic growth while maintaining subsidies on essential services and providing an array of social services.

1.03 GOTT has therefore recognised the need to diversify the economy to generate revenue and expand market access, thereby creating demand for locally manufactured goods. The National Development Strategy of Trinidad and Tobago-Vision 2030 (the Strategy) speaks to the private sector leading the diversification thrust, with the Government playing a facilitative and supportive role in terms of creating the enabling environment and effecting key changes to national institutions. In that regard, under Goal 4 of the Strategy, "Firms will produce high value products and services that can compete in export markets", and this will be facilitated through the conformity of goods and services with international standards, the development of existing economic sectors and the emergence of new ones.

^{1/} According to the World Bank high-income economies are those with a Gross National Income (GNI) per capita of \$12,536 or more.

^{2/} Source: Trinidad and Tobago bolsters manufacturing exports and looks to new markets. (2017, October 23). Retrieved September 03, 2020, from <https://oxfordbusinessgroup.com/overview/positioned-grow-twin-island-republic-bolstering-non-energy-manufacturing-exports-and-0>.

^{3/} Output in the other energy products including Liquefied Natural Gas (16.2%), ammonia (8.1%), and methanol (24.5%) also contracted over the same period.

^{4/} Source: Central Statistical Office, International Monetary Fund estimates.

1.04 A major obstacle to export development has been a lack of productive capacity within firms, particularly micro, small and medium-sized enterprises (MSMEs). An estimated 25,000 registered businesses or 90% of all registered businesses in T&T are recognised as micro or small^{5/}. Many MSMEs do not have sufficient productive resources—particularly skilled labour, financial and physical capital—to produce at the scale, price and quality demanded in global markets. Others lack entrepreneurial capabilities or have not forged production linkages through avenues such as clustering, outsourcing, and participation in global value chains. Further, in relation to exploiting market access opportunities offered by the CARIFORUM-EU EPA, enterprises lack knowledge of the vast and varied EU markets including quality standards and packaging/labelling, consumer preferences, distribution channels, shipping, and the general business culture. They also find it difficult to meet the numerous standards that exist in different EU markets.

exporTT Limited

1.05 exporTT is the national export facilitation organisation of T&T, charged with generating export growth and diversification in the non-energy goods and services sectors^{6/}. Catering to the needs of all exporters, exporTT focuses on building internationally competitive firms, improving the business environment, and harnessing the differentiating factors that set T&T exporters apart in the global marketplace. exporTT has implemented several programmes to address the foregoing challenges with the most successful to date being the Fit 4 Europe I project implemented during the period March 2015 to March 2017 funded by CDB managed 10th EDF Standby Facility, in which exporTT adopted a value-chain approach to moving firms to a state of export readiness. The project successfully built the capacity of 26 T&T enterprises at varying levels of development, comprising, micro and rural-based firms (10), women-led businesses (16), established exporters and business development organisations. The project encapsulated four key pillars: an extensive Capacity Building programme for all firms executed over 11 months; Market Research, tailored to the selected firms; a Trade Mission to the United Kingdom, the Netherlands, and France for established exporters and a Mentorship programme. The cohort reported sales of approximately EUR126,975 and 18 distribution of Purchase Order contracts were secured. exporTT was able to sustain the mentorship programme thereby facilitating the advancement of some firms in terms of export-readiness.

1.06 As firms have continued to encounter several challenges in entering traditional and non-traditional markets such as limited access to current and appropriate European Union (EU) market intelligence, lack of readiness of companies to meet international requirements, and lack of business relationships in the markets, demand for the Fit 4 Europe programme remains high. Equally, the 2019 International Trade Centre (ITC) Re-benchmark Assessment of exporTT suggested that while the organisation had recorded significant improvement in the scores related to product and service delivery, there was considerable scope for additional training of exporTT staff to organise and support trade missions, and the development of sector-specific market intelligence.

1.07 Given the gaps that exist, GOTT applied to the 11th EDF CSME and EPA Standby Facility for Capacity Building to support the expanded EU Market access for T&T exporters of non-energy goods and services through increased supply relationships in two targeted EU markets.

^{5/} Source: Micro and Small Enterprise (MSE) Development Policy for Trinidad And Tobago 2014–2016 Driving Entrepreneurship.

^{6/} <https://exporTT.co.tt/about-us/>

2. OBJECTIVES OF THE CONSULTANCY

2.01 The objective of this consultancy is to provide technical leadership, research, and advice in the implementation of a project that aims to improve the export-readiness of Trinidad and Tobago companies for EU markets.

2.02 exporTT intends to identify a number of enterprises with the potential to export a range of non-energy goods and services to participate in the project. These enterprises (including those from the French Caribbean Outermost Regions (FCORs) project) will be grouped as follows:

- (a) Tier 1: a number of companies who are at a high level of export readiness. These enterprises will be either internationally competitive or have significant experience in the regional market.
- (b) Tier 2: a larger number of Tier 2s are to be included in this TA. These are companies which already have substantive regional experience and who are now capable of moving up to the international level and ultimately to Tier 1. The gap between Tier 1 and Tier 3 is wide; we need that intermediary stage as a bridge. As Tier 2 represents the next generation of international exporters, ideally the focus should be on companies with a strong consistent growth record in national and regional markets and are in sectors which are strategically important job creators for the economy as such Tier 2 are important engines of growth”.
- (c) Tier 3: is made up of enterprises that are at a lower level of export readiness. This includes young but proven enterprises with internationally appealing products/services that have not yet been tested internationally. These are usually micro-enterprises, which do not have the capacity (human, financial) to make the leap to Tier 1 in one step, their make-up includes women-owned/led and rural-based Micro and Small and Medium-sized Enterprises (MSMEs).

2.03 The project will involve research on two targeted EU markets. This is based on preliminary desk research conducted by exporTT and the target markets of interest identified by the exporting fraternity of T&T. It will also involve the preparation, implementation and monitoring of export and capacity-building plans to improve firms’ capacity to meet EU market requirements; the organisation and execution of market penetration missions to the two targeted EU markets; the sharing of EU market experiences with national/regional stakeholders; and the development and implementation of a mentoring programme for Tier 2 and Tier 3 enterprises.

3. SCOPE OF CONSULTANCY SERVICES

3.01 The Consultants will carry out the activities described hereunder and any other activities necessary to accomplish the stated objectives of the consultancy assignment, whether or not a specific activity is cited in these terms of reference.

3.02 The tasks will include, but not be limited to:

- (a) Conduct a meeting with representatives of the exporTT to clarify the objectives of the assignment and to identify materials and other resources needed for effective execution of the Project.

- (b) Review all Project documents including the Trinidad and Tobago National Export Strategy, the project closeout report for Fit4Europe I and other relevant documents identified by exporTT.
- (c) Review the listing of participating enterprises provided by exporTT and prepare two export-readiness questionnaires for distribution to enterprises, one for goods-producers and another for service-producers.
- (d) Liaise with exporTT's staff on their administration of the questionnaires to participating enterprises, and on their monitoring and collection.
- (e) Review the 20 export-readiness data, conduct export audits of each company, disaggregated by sex of owner/manager and assess their export readiness, liaising with the enterprises, as necessary.
- (f) Plan, coordinate, and participate in virtual market survey missions to the two targeted EU markets along with four exporTT staff members. The surveys should examine but not be limited to the following:
 - (i) buyer and consumer preferences;
 - (ii) prices, taxes, and charges on imports;
 - (iii) quality standards, distribution channels, agency/distributorship, packaging and labelling requirements, and regulations affecting goods and services;
 - (iv) shipping regulations and routes to EU markets; and
 - (v) cultural references and any other aspects relevant to accessing the two targeted EU markets.
- (g) Prepare briefs on each market/sector and assemble supporting documentation for distribution to participating enterprises.
- (h) Prepare and deliver presentations on market survey findings at two seminars organised for the participating enterprises; one seminar targeted to goods exporters; and one for the services sector. Other exporters and business associations will be invited to attend this event.
- (i) Based on the export-readiness assessments, prepare the following:
 - (i) a market penetration plan for each enterprise in Tier 1; and
 - (ii) a capacity-building plan for each enterprise in Tier 2 and Tier 3.
- (j) Monitor the progress of each company according to an agreed schedule and prepare three quarterly reports.
- (k) Plan, coordinate, and manage the conduct of a two-week market penetration mission to the two targeted EU markets along with four members of exporTT's staff.

- (l) Arrange high-quality match-making sessions for the Tier 1 enterprises in order for them to meet with potential importers/distributors and learn the requirements of the markets as well as begin the process of negotiations.
- (m) Organise separate missions for goods-producing and service-producing enterprises ensuring that a minimum of ten meetings is organised for each company.
- (n) Accompany and advise/coach representatives of the participating enterprises towards achieving the planned objectives of the mission.
- (o) Prepare reports on the results of the market penetration missions to each country and three case studies for presentation at a national/regional workshop.
- (p) Design an After-Care programme for Tier 1 enterprises and advise on the preparation of a mentoring programme to allow for the transfer of their knowledge to Tier 2 and Tier 3 enterprises.
- (q) Prepare and deliver presentations at a workshop for national stakeholders (participating enterprises, trade support network members and Business Support Organisations) and regional stakeholders on enterprises' market penetration experiences. It is expected that the workshop participants will include women entrepreneurs and MSMEs.
- (r) Produce a Final Report, providing details on the objectives of the assignment, activities performed, progress made by each company in improving their export readiness, recommendations, and follow-up actions to be carried out. The Report should contain a concise Executive Summary.

3.03 In conducting the assignment, the Consultants are required to provide coaching for exporTT's staff to enable them to support future market penetration efforts; facilitate the participation and engagement of all major stakeholders; and ensure that adequate consideration is given to any potential adverse social impacts, particularly differential impacts on businesses owned and/or operated by men and women.

4. DELIVERABLES AND REPORTING REQUIREMENTS

4.01 The consultants will report to exporTT's Chief Executive Officer and will be required to submit/deliver the following:

- (a) Within two weeks of commencing the assignment, an Inception Report containing a detailed work plan and schedule.
- (b) Within one month of commencing the assignment, two export-readiness Questionnaires for distribution to participating companies.
- (c) Within four months of commencing the assignment, market survey briefs on the two targeted EU markets and a PowerPoint presentation on market survey findings.
- (d) Within 6 months of commencing the assignment, market penetration plans for Tier 1 companies, capacity-building plans for Tier 2 companies (number of plans to be confirmed at start of assignment), and capacity-building plan for exporTT.

- (e) Three quarterly reports on the progress made by each company in improving export readiness.
- (f) Within 11 months of commencing the assignment, a schedule that outlines match-making sessions arranged in each of the 2 targeted EU markets for Tier 1 companies.
- (g) Within 14 months of commencing the assignment, reports on each mission that outline challenges faced/achievements/lessons learnt, two case studies and PowerPoint presentation for delivery at a seminar on EU market penetration experiences.
- (h) Within 15 months of commencing the assignment, a Final Report that provides details of the assignment, including activities performed, results obtained, recommendations and follow-up actions required.

5. QUALIFICATIONS AND EXPERIENCE

5.01 Consulting firm with the following expertise:

- (a) Key Expert 1 - Market Access Consultant (Goods); and
- (b) Key Expert 2 - Market Access Consultant (Services).

The team should collectively possess the following qualifications and experience:

- (a) Postgraduate qualifications in international trade, international marketing, international economics or a related field.
- (b) At least ten years' experience at a senior level in delivering trade promotion services within a development agency or a private sector company; hands-on experience in conducting or managing the conduct of market research in the EU in both goods and services.
- (c) Experience in conducting needs assessments of goods and services firms, preparing market penetration plans, and building the capacity of firms to enter global markets.
- (d) Experience in global marketing of goods and services; a successful track record of assisting goods and service companies to enter the EU market.
- (e) Extensive work experience in the EU; knowledge of the CARICOM region and of the CARIFORUM-EU EPA. Work experience in CARICOM will be an asset.
- (f) Experience in designing and implementing gender-responsive export development interventions, with capacity to incorporate environmental and disaster risk/mitigation, and social and gender inclusive design considerations .
- (g) Excellent command of written and spoken English. Knowledge of French, German or any other EU official language will be an asset.
- (h) Strong analytical and inter-personal skills.

6. SUPERVISION OF THE CONSULTANT

6.01 exporTT will facilitate the work of the consultant and will make available all studies, reports, and data relevant to the Project. The Project Coordinator, exporTT will be assigned to be the liaison between exporTT and the consultant team.

6.02 It is estimated that this consultancy will require 182 person-days over a period of 15 calendar months.