Questions and Answers for Market Segmentation

This document contains answers to questions received up to 6pm on April 5, 2019.

Q1	What is the actual proposal submission deadline? The RFP lists both April 15 and April 18.
A1	Proposals are due at 1700 GMT, April 18, 2019 via email to acea@fhi360.org
Q2	With respect to the US $70,000 maximum budget cited for the financial offer, is this maximum amount to include both management fees and expenses/reimbursables? Or is this maximum amount for management fees only and a subsequent contract amendment would be written to add expenses/reimbursables to the overall contract amount?
A2	The US$ 70,000 ceiling is a global ceiling, including all fees and reimbursables. There will be no separate payments.
Q3	Do we need to include Tunisian taxes in our financial bid?
A3	To understand your potential tax liability, it may be helpful to know that for international consultancies, the contract will be with the U.S.-based headquarters of FHI 360, and payments will come from FHI 360's U.S. bank account; for consultancies based in Tunisia, the contract will be with FHI 360's Tunisian entity, which does not have tax-free status (meaning that offerors would pay normal Tunisian taxes) and payments will be in TND.
Q4	Is Phase 1 an in-depth market analysis of the entire handicraft sector worldwide, or simply a survey sufficient to make an informed selection of value chains in Tunisia?
A4	Phase 1 is a survey. Within this budget we do not consider it feasible to conduct an in-depth market analysis of the entire handicraft industry worldwide. The Phase 1 study will complement parallel research being undertaken by ACEA in Tunisia to identify the best possible candidates for cluster-based development – "cluster identification". Market opportunities are a key determinant of cluster selection, and ACEA will share all relevant locally-generated information with the selected team.
Q5	The SOW explains that the Financial offer needs to be presented separately sealed. Since we are presenting the proposals by email, should we send it in 2 separate PDF files within the same email or in 2 separate emails?
A5	Please provide the Technical Offer and the Financial Offer in two separate PDF files within the same email.
Q6	Value chains: "The report will identify the global value chain (GVC) governance structure…" and then "Based on this analysis the report will identify 8 value chains with the highest potential." Where did "eight value chains" come from and could the team provide an example of a value chain? For example, is there a value chain for each product type (e.g. jewelry, accessories, tableware, clothing, décor, detailing more into wood tableware versus ceramic tableware) or for each artisan type (e.g. silversmith, woodcarver, embroiderer, tailor, leatherworker, ceramics)?

A6	The RFP used the term value chain loosely. Properly speaking, we see handicrafts in Tunisia as an industry comprising at least eight distinct value chains, based on product type:

Product type	Estimated Employment
1. Weaving (textiles, carpets etc.)	222,644
2. Clothing & embroidery	41,063
3. Essential oils and other	32,073
4. Natural fibers	14,914
5. Silver & jewelry	14,290
6. Ceramics and stones	10,484
7. Leather & shoes	7,920
8. Wood, metals & glass	7,052
TOTAL	**350,438**

Source: http://www.onat.nat.tn/wp-content/uploads/2018/02/Brochure-AR016.pdf with adjustment for ONAT estimate that approximately 45% of artisans are not registered.

Within those value chains, specific clusters may be identified by geographic, product or other criteria. However, this characterization is preliminary. Offers are encouraged to propose (or propose to develop as part of the study) a different classification system.

For example, our experience so far in the "essential oils and other products of medicinal and aromatic plants" value chain is that it is not helpful to segregate by individual plant type: there is not a separate *rosemary* value chain or cluster, *myrtle* value chain or cluster, etc. Rather, we see a value chain in the Northwest of Tunisia producing a variety of products derived from medicinal and aromatic plants such as essential oils, floral waters, cosmetics (soaps, creams, massage oils), and dried and fresh herbs, with three distinct channels: artisanal, SME and larger enterprises – each with very distinct production methods and market orientation. We are currently in the process of assisting the upgrading of nearly all players in the artisanal and SME channels into an integrated cluster, based on a more sharply defined market orientation.

The most useful classification for the remaining handicraft value chains remains to be seen. A case could be made for categories . UNIDO and the EU have helped create a "Tableware Cluster" http://creativetunisia.tn/en/tableware-cluster-in-nabeul/ in Nabeul, Tunisia which combines blown glass, olive wood and ceramic products. Perhaps market trends favor use-based clusters integrating products along market channels such as home decoration outlets, rather than by artisan type.

Phase 2 is expected to provide an in-depth strategic segmentation for a pragmatic upgrading program in two value chains. Offerors may make a case in the "Comments on the TOR" section of their technical proposals for reducing the number of value chains analyzed from two to one, if they believe the ACEA project will benefit enough from the improved depth and quality of analysis, sufficient to compensate for the reduced number of value chains analyzed. For the 2019-2020 fiscal year, ACEA will most likely only add one value chain.

Q7	If the proposal is presented by a company, do we need to present the Employee Biodata Sheet per each one of the consultants of the team, or is it only to be presented in the case of individual consultants presenting the proposal?
A7	For projects using US government funding, FHI 360 always prefers to be able to document the compensation for all project personnel, regardless of whether the offeror is an individual or a company. Some companies have a policy of not divulging this information; if so, we will try to take this into account. FHI 360 has means to keep this information confidential.
Q8	Is French a necessity or can the team provide Arabic in lieu of French? Additionally, if the team has Arabic speaking proficiency, might the reports and required documents be in Arabic instead of French? Could the team provide French language documents in Arabic (such as the documents on the website)?
A8	The language requirements are dictated by the reality on the ground. The vast majority of the offers research will be regarding international markets outside of Tunisia. For Tunisia, some documents are available in Arabic, most in French. ACEA staff is in a position to provide translations of key Arabic documents into French, but not the reverse. Offerors with Arabic speakers on their teams will have a slight advantage in their ability to range more widely independent of ACEA translation capacities; offerors with French speakers on their team will have a greater advantage: they can read materials from Tunisia, and provide French language documents for our stakeholders. In general, we have found that technical materials, such as international market studies, are better understood by Tunisians in French rather than Arabic.
Q9	Please what is meant by “Present the offeror’s methodology to undertake the Strategic Segmentation.” Does this refer to Phase 1 and Phase 2, with a greater emphasis on Phase 2?
A9	This phrase was meant to refer equally to both phases, the entire study. Consider that the phrase should have read “Present the offeror’s methodology to undertake the study.”
Q10	Please clarify what “visiting target market regions” means, and are the travel budgets expected to name specific locations?
A10	Specific target locations do not need to be named at this time. The offeror needs to weigh the value derived from a greater share of budget allocated to travel vs. home office research. Illustrative travel plans in the approach section are helpful for evaluation. Offerors based in Europe have certain advantages, those based in North America have other advantages. Offerors approach section should specify why a specific approach to travel for in-person interviews helps compensate for the locational advantage/disadvantage of the team’s geographic location(s).
Q11	In Phase 2 of the opportunity, will the interviews be conducted with buyers (and not producers)?
A11	FHI 360 envisages most of the travel budget dedicated to understanding the attractiveness of international market opportunities, so demonstrated experience with and intentions to interview buyers, distributors, agents, brokers, designers,

	associations, clusters and other organizations outside of Tunisia are encouraged. Offerors whose methodology places greater emphasis on interviews with producers in Tunisia are encouraged to make that case. Keep in mind that ACEA is prepared to conduct interviews with producers, to identify potential leaders/champions and act in large part as the local part of an integrated team, to the extent feasible. Also, skype calls are a good way to work. Given the rural location of most artisans, logistics and language are significant barriers, for this reason we counsel to keep trips to Tunisia to a minimum, preserve travel budget for international fact-finding, and trust that ACEA will deliver most of what you need.
Q12	The “rolling questions and answers” are out on the ACEA Tunisia website but we have been unable to find this. Could you please provide a link?
A12	Questions just began arriving on April 4. No Q&A appeared until now. The site is https://www.acea-tunisia.com/documents-partageacutes.html
Q13	Are the majority of artisans using traditional methods to create traditional products?
A13	Yes, for the most part. For example, carpets are typically hand-woven from wool hand-spun from local sheep, using locally derived vegetable dyes. However, with essential oils, standard practice among the large corporate producers is water distillation with iron distillation units, while the artisans use more advanced vapor distillation in stainless steel units. This is a simple quality distinction, where the artisanal quality is higher. As a broad generalization, Tunisia’s education levels are among the highest in Africa and the developing world, so modern methods, where justified, are feasible; at the same time, traditional methods have not disappeared and wage levels in the marginalized regions (Northwest, North Central and Southern Tunisia) are not so high as to make hand-made products prohibitively expensive.
Q14	Has there been any shift in products and product design in recent years and if so, what were the driving factors?
A14	Excellent question. We have been focusing on essential oils until now, and are unable to answer this question at this time.
Q15	What is the current prevalent organization of handicrafts production (e.g. artisan-owned cooperatives, family-run factories/workshops, individuals?)
A15	This depends on the region and the product. All of the above are prevalent in Tunisia at this time. We expect to be able to provide a characterization, if not a definitive answer, by April 29, when the study begins.
Q16	How are materials for the handicrafts generally sourced? (e.g. produced or grown in Tunisia, imported, repurposed material)
A16	Materials are mainly natural: natural fibers, wood, clay … most originate in Tunisia. Some artisans are sourcing from abroad (China) for cost competitiveness but these products are not supposed to be eligible for exports. In some cases, packaging materials are imported (e.g. for essential oils, bottles are 100%

	imported; ACEA has launched a competition to find solutions using local artisanal materials wherever practical while still meeting international technical and taste requirements https://www.acea-tunisia.com/inscription-au-concours.html).
Q17	Are some handicrafts the result of multiple artisan skills?
A17	Yes. For example, as mentioned in Q13, most carpets integrate multiple skills such as shearing, carding, spinning, dying, and weaving. More innovative solutions to combining materials such as blown glass and copper or wood to manufacture handicraft bottles exist, but are not prevalent. Overall, marketing and branding skills, particularly with regard to international markets are lacking in all types of artisan organizations and their support agencies, and ACEA's primary focus is to help them improve capacity in these areas.