

SCOPE OF WORK

Consultant Name:	TBD					
Project/Activity Name:	USAID/Sweden FARMA II Project {Bosnia}				Activity #	
Assignment Title:	Improving marketing practices for BiH MAP exporters					
Position Type:	Full Time		Part Time		STTA	X
Consultant Nationality:	INT	X	TCN		CCN	
Engaged By:	Cardno Emerging Markets USA, Ltd.					
Position Reports to:	Deputy Chief of Party & MAPs and Honey Expert					
Assignment Period:	Start Date: 15 August 2019			End Date: 31 December 2019		
Total LOE for Position:	Total LOE: 20 days	Onsite:	Offsite:	Travel:		

USAID/Sweden FARMA II - Description of Project

USAID and the Government of Sweden have awarded Cardno Emerging Markets USA a five-year contract for implementation of the Fostering Agricultural Markets Activity II (FARMA II) project in Bosnia & Herzegovina (BiH). The purpose of the FARMA II Project is to create agricultural and agribusiness economic opportunities for BiH farmers and entrepreneurs. FARMA II will achieve this by assisting agricultural producer organizations to adopt European Union (EU) and international agricultural and food standards and new production techniques, produce new high value products and expand their access to foreign and domestic markets.

One of the sub-sectors supported by FARMA II project is the medicinal and aromatic plants (MAP) sector.

Background

International market

There are growing opportunities for producers of essential oils on the world market, as these oils are also used as fragrances in cosmetics, as well as in perfume industry. As daily life becomes more stressful, consumers are more aware of the importance of healthy lifestyles. They take more responsibility for their personal health, integrating mental and physical wellbeing. Cosmetic manufacturers respond to this trend by using essential oils to create cosmetic products with an aromatherapy benefit. A wide range of essential oils is used for aromatherapy products, including high-value and low-volume oils. Examples of final cosmetic products with an aromatherapy benefit include: aromatherapy body creams, perfumes, hand creams, calming bath salts, lipsticks with relaxing or refreshing properties, relaxing shampoos, and similar.

There is an increasing public perception that natural ingredients are better and safer than synthetic alternatives in cosmetics. This trend has translated into a growing market for natural cosmetics. In response to this trend, cosmetic brands use essential oils with aromatherapy benefits in product innovations. The global market for natural fragrance ingredients amounted to \$ 3.7 billion in 2017, and is expected to grow by 6.8% annually, reaching \$ 5.5 billion in 2023.¹

Essential Oils are the 446th most traded product and the 1018th most complex product according to the Product Complexity Index (PCI). The top exporters of Essential Oils are the United States (\$697M), India (\$665M), China (\$522M), France (\$466M) and Brazil (\$409M). The top importers are the United States (\$1.27B), France (\$444M), Germany (\$353M), the United Kingdom (\$341M) and India (\$258M)².

¹ <https://www.cbi.eu/market-information/natural-ingredients-cosmetics/essential-oils-fragrances>

² <https://atlas.media.mit.edu/en/profile/hs92/3301/>

MAPs in BiH

The Medicinal and Aromatic Plants Sector in BiH is experiencing a real and significant expansion. This is a result of the fact that world markets are growing rapidly, production technologies are relatively simple and the products have a high value.

About 30 species of herbs are wild-harvested in BiH in substantial quantities each year. In addition, 10 to 15 cultivated herbs are also harvested in significant quantities. Unfortunately, no solid data is available on the production of either wild-harvested or cultivated MAPs.

This sector is one of few sectors in BiH agriculture where the export exceeds imports, with 235% coverage. In 2018 the total value of export from this sector was at over BAM 39 million (approx. \$22M), representing growth of 8 % compared to 2017. The export structure is as follows: wild mushrooms (fresh, dried, frozen, in brine) represent 52 %, essential oils 19%, herbs (in bulk) 17 %, wild fruits at 10% and spices 2 %. Insignificant quantities of final products, such as natural cosmetics were also exported. Export is done throughout the world (44 different countries), from Australia to Canada. 80% of the total export was to the EU countries (Italy, Germany, Croatia, Switzerland, France, Belgium, Slovenia), followed by USA (2nd largest export market for BiH). The most exported to the US are essential oils. In 2017 value of exported essential oils from BiH to world represented 0.066% of the value of international essential oils trade.³ Looking at the total BiH exports of essential oils in 2018, US market accounted for 5% of all exported quantities and 13% of total exported value, indicating that immortelle oil was dominant in this trade (as it has the highest price per kilo).

Unfortunately, most of exported essential oils are exported in bulk. The most exported essential oils are: Immortelle (*Helichrysum italicum*), Sage (*Salvia officinalis*), Lemon Balm (*Melissa officinalis*), Bay Leaf (*Laurus nobilis*), Juniper (*Juniperus communis*), Chaste Tree (*Vitex agnus castus*), Mint (*Mentha species*), Wild Thyme (*Thymus vulgaris*), Prickly Juniper (*Juniperus oxycedrus*), Savory (*Satureja montana*), Heather (*Calluna vulgaris*), Lavender (*Lavandula angustifolia*), Rosemary (*Rosmarinus officinalis*), Scots Pine (*Pinus sylvestris*), Silver Fir (*Abies alba*), Black Pine (*Pinus nigra*).

Most of essential oils exporters hold organic certificates, including NOP for US market.

Companies from BiH participated in numerous world trade fairs such as BIOFACH (Germany), Natural Ingredients (Sweden), World Food (Moscow and Istanbul) etc. where they established contacts with international companies. Although US is quite represented in BH export data results, US market is still quite unknown for most of BH companies. Currently there is overproduction of some essential oils, especially of immortelle and the export has slowed down. Essential oils producers need to diversify production, start looking for new buyers and open new markets.

Purpose of the assignment

The objective of this assignment is to improve the marketing of BiH essential oils and increase the exports of essential oils from BiH to the world markets. FARMA II approved grant to the BiH Foreign Trade Chamber which, among other trade fairs, includes exhibiting at the Natural Products Expo East / BIOFACH America trade fair in September Baltimore 2019. This fair is the largest MAP international trade fair in the US East Coast and attracts buyers from USA, Canada and all over the world, while featuring over 1,400 exhibitors. This will be the first time that BiH has its national stand in the States. In order to get the most benefit out of this large trade fair it is necessary to engage the consultant with the task to train BH companies on US trade and market potentials. At the BH national stand there will be 5 exhibiting, while as a part of the whole BH delegation there will be 4 visiting companies.

Based on the BH companies' profiles, the consultant will conduct quick US market research after which he / she will be able to provide insight of the US market to BH Companies prior to the trade fair. The focus of the research should be on companies producing / using essential oils, natural cosmetics,

³<https://atlas.media.mit.edu/en/profile/hs92/3301/>

aromatherapy products and any other products containing essential oils. The consultant will also have the task to facilitate B2B meetings during the exhibition, for both groups – exhibitors and visitors.

The Natural Products Expo East in Baltimore is an annual trade show for natural, organic and healthy products. Here, the most important manufacturers of health, natural and organic meet interested visitors. These can get comprehensive information about the latest products, developments and latest trends at any of the several booths of the various exhibitors. The Natural Products Expo East is the one of the largest exhibitions of its kind on the east coast of North America. The Natural Products Expo East / BIOFACH America will take place on September 12-14, 2019 in Baltimore.⁴

Anticipated Activities

- Give an insight of the US essential oils market to BH companies. This will start with the identification of key distributors and importers of essential oils, their classification into relative groups (natural cosmetics, perfume industry, detergents industry, food ingredients, drug manufacturers / pharmacies, other). It will also include market requirements, procedures, laboratory analysis requirements, packaging and labeling, import potentials, standards and certification requirements;
- Give an insight of the US market focusing on essential oils, hydrolates and dry cut herbs that are produced by BH companies; Specific attention should be given to immortelle essential oil and hydrolates, dried chamomile, Melissa and sage oils.
- Analyze other participants at the trade fair (prior to the fair) and provide information on the competitors;
- Based on profiles of BH companies that will exhibit/visit the trade fair, find potential buyers and facilitate B2B meetings during the trade fair;
- Visit BiH to screen the key exporters of essential oils and conduct the training of BH producers / exporters on US market requirements; Deliver a joint training and make individual visits to selected exporters to provide direct guidance.
- Based on the field visits findings, provide contacts of potential buyers in the US and/or other countries.

Deliverables

1. The Consultant will conduct quick US market research of MAPs industry with focus on essential oils, hydrolates, cut herbs that are produced by BiH companies that will visit / exhibit at the trade fair. The report should include the description of the key market segments, key importer/distributor in each segment and key importing requirements, together with other details as described above. The information about BiH companies will be provided to the consultant immediately after signing of the contract. The results of the market research will be shared with exhibitors / visitors before the trade fair. This will help exhibitors/visitors to better prepare for the trade fair.
2. Analyze other exhibitors at the trade fair, provide information about competitors and identify relevant importers/distributors. Organize / facilitate at least one B2B meeting for each of the exhibitors / visitors during the trade fair that might result in the sales of BH products.
3. During the visit to BiH, conduct the training for at least 20 MAP producers on the US market potentials and requirements; visit up to 10 MAP producers/processors with the potential for export to the US, examine their marketing practices and provide recommendations for improvements.
4. Upon the return to the US the consultant will facilitate contacts with potential buyers in the US or in other countries. It is expected that at least 3 companies will find new buyers based on consultant's recommendations.

Timing and Level of Effort

Total LOE is estimated at up to 20 days. This will include: 3-5 days for quick US market research and research of the exhibitors prior to the trade fair, 3 days at the fair to facilitate B2B contacts and advise

⁴ <https://www.expoeast.com/en/home.html>

the BiH companies in their approach, 7 days for the visit to BiH (one day training, 3-5 days for visits to BH companies), 2 days to facilitate contacts in the US upon the return to the US, 1 day for reporting, 2 days for travel.

Qualifications and skills

- Senior expert with relevant practical experience in market analysis and product marketing;
- Excellent knowledge of the MAPs industry (market) in the US;
- Excellent business facilitation skills;
- Excellent analytical and presentation skills;

We encourage qualifying candidates to send a Cover Letter including three References and CV.

The closing date for the receipt of applications is July 26, 2019.

Cardno Emerging Markets USA, Ltd is an equal opportunity employer. All information received will be treated with confidentiality. Incomplete applications will not be considered. Only shortlisted candidates will be contacted.