1. Market Study and Conference Summary

A. Market Study
Exporting Quality is a six-year program (2015 – 2021) in the Dominican Republic implemented by IESC and funded by USDA. The program increases the productivity and sales in domestic and export markets of five high-value fruit and vegetable global value chains, including cocoa. It is designed to improve product quality, increase production efficiency, increase the value of post-harvest products, and enhance marketing and market linkages.

Exporting Quality is undertaking a global market analysis of cocoa demand and Dominican supply in the year 2021. The program plans to present this free-access study in August 2021. The study will include up-to-date market research to better equip Dominican cocoa actors to make informed business decisions and investments. By carefully designing the statement of work for the study, Exporting Quality will also ensure the market study can be replicated by other USDA implementers in cocoa-producing countries of operation. For more detail, please see Attachment A: Conference Presentation.

To ensure the appropriate design of this study and ownership within the global cocoa value chain, IESC released a Request for Information to get stakeholder feedback on the draft statement of work (SOW) for the eventual researchers and authors of the study. IESC also scheduled an RFI conference to “deep dive” into the questions posed by the RFI with a variety of cocoa actors. IESC is using written RFI responses and RFI conference discussion to further inform the SOW prior to releasing it within a Request for Proposals in search of offerors to perform the study.

B. Conference
On January 13, 2021 IESC hosted a video conference via Zoom to collect and discuss feedback from the cocoa industry in response to the RFI. IESC invited over 250 cocoa industry actors internationally from both the private and public sectors. Of those, over 50 registered for the conference and 35 attended.

Presenters included IESC Associate Vice President of Trade and Market-Driven Agriculture Chad Ford; Changing Chocolate Markets Technical Advisor (IESC consultant) Dr. Carla Martin of the Fine Cocoa and Chocolate Institute (FCCI); USDA Foreign Agriculture Services (FAS) Program Specialist and Latin American Lead Ania Madalinska; and IESC New Business Manager Julie Noble.
After a welcome and program and organizational introduction, participants joined breakout groups to discuss questions posed by the RFI. Breakout groups were organized considering participant preferences for facilitation in Spanish, French, or English.

Response themes from small group meetings are provided in Section 2. Key Questions and Responses and organized according to the RFI question to which they correspond.

Following the breakout rooms, participants reconvened to present their small group feedback to the larger group. New comments and conversation were welcomed during this time. Response themes from the large group discussion are also included under Section 2. Key Questions and Responses and organized according to the RFI question to which they correspond.

Following group discussion, Julie reviewed next steps and opened conversation for further Q&A. IESC then thanked participants and USDA for their assistance in guiding Exporting Quality’s global cocoa market study initiative.

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2. Key Questions and Feedback Themes

A. Considering the draft statement of work, what additional information do you think prospective offerors would find useful in preparing their proposals?

i. Clearly delineate the timeline and identify the available resources throughout the study to capture the breadth of information needed to complete an effective study within the 6-month timeframe.

ii. Emphasize the target audience, including more specificity on the geographic scope and markets
   a. The study should address general issues that are applicable to people in other countries, not just the Dominican Republic.

iii. Emphasize the target sources of information.

iv. Clarify expectations for travel or alternatives to ensure local presence when collecting information.

v. Provide offerors more context on markets:
   a. The current state of the Dominican Republic cocoa market, including large actors in that value chain
   b. Consumer/consumption trends in markets; Market access regulations; Current pricing information.
   c. Production bottlenecks and market access challenges for small-medium sized companies

B. Which aspects of the price structure and profit margin research methodology outlined in the draft SOW should IESC emphasize in the final SOW such that it would allow other cocoa-producing countries to easily replicate the analysis? Which methods would you add?

i. Review existing methodologies to ensure standardization for future impact.

ii. Price structure should capture each level of supply chain, with emphasis on landed costs.

iii. Understanding how pricing and value are affected by economies of scale, certification costs and specialty designations, marketing, transportation of the product, product inputs, consumers, and transportation of product inputs.

iv. Capture information on intercropping, lending climate, farmer health, enterprise and production budgets, and purchasing practices, to show meaningful comparison between countries and regions.
C. Broadly, what key research questions are not addressed in the draft SOW? In particular, what critical findings would support the specialty chocolate market’s sustainable development?

i. It is important to collect information on the sustainability of cocoa production and how that affects markets; how can cocoa become a more sustainable industry?
   a. Ethics and labor; climate

iii. Mind-mapping: the decision-making process of buyers and producers for cocoa and derivatives

iv. How can value addition in country affect world cocoa supply and demand?

v. How does the African context affect the world in terms of pricing and in terms of general trade in cocoa?

D. What information, research methodology, and industry parameters should the final SOW request to ensure the market study addresses known knowledge gaps?

i. How different cocoa beans and derivatives, while interrelated, are funneled into different markets. Treating supply and demand curves differently by segment.

ii. Identifying actors within value chains and opportunities for improvement among small producers in small markets; not just focusing on big actors.

iii. Necessary to review existing research and speak directly with market actors

iv. Distinguishing supply and demand by region

E. What approach and/or mechanism might the final SOW include to ensure a high level of engagement from key stakeholders in the chocolate community and sustainable ownership of the study’s actionable recommendations?

i. Ensure stakeholders are included in research stages and feedback throughout, identifying them from the beginning with continual participatory feedback.

ii. Build multi-level communication with an organization

iii. Form an advisory group to keep stakeholders involved

F. What do you believe would be essential skill sets within the team that ultimately researches and authors the study? What roles do you envision would be well-suited to this undertaking?

i. Experience in production and processing cocoa and industrial chocolate products

ii. Finance and marketing specialists in both commodity and specialty

iii. Understanding of social aspects being studied, but also the context for countries that receive the study globally to replicate
iv. Well-trained facilitators in the Dominican Republic
v. An expert in transportation and logistics

G. What information sources already exist? Provide recommendations that should be included in the literature review prior to starting the study.

i. IESC should leverage its network to coordinate with research already in-progress; not just written work, but also leveraging intangible information sources through an advisory group.

ii. IESC should purchase the studies recommended by some conference participants.
Attachment A. RFI Conference Presentation

Please visit https://iesc.org/current-procurements/ to download a copy of Attachment A: RFI Conference Presentation.