TERMS OF REFERENCE
FOR COMPANY

POSITION TITLE: RMG Digital Market Assessment
POSITION TYPE: Institutional Contract
AGENCY/PROJECT NAME: UNCDF Promoting Digital Ecosystem Solutions Addressing Women Livelihoods through Ready-Made-Garment (RMG) Sector Sustainability amidst COVID-19 and Beyond
DUTY STATION: Dhaka, Bangladesh
STARTING DATE: April 2021
DURATION OF CONTRACT: 2 months from April to May 2021

1) GENERAL BACKGROUND

About UNCDF
UNCDF makes public and private finance work for the poor in the world’s 46 least developed countries. With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF’s financing models work through three channels: inclusive digital economies, connecting individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; local development finance, that capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and investment finance, that provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to Sustainable Development Goal-SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a broad diversity of SDGs.

Since 2008, UNCDF has been supporting digital finance with significant success, with digital finance currently the largest part of its inclusive finance portfolio. This includes digital innovations linked to on an off-grid energy, agriculture, employment, health, and transport.

UNCDF is also host to the Secretariat of the Better than Cash Alliance, a partnership of governments, companies, and international organizations that accelerates the transition from cash to digital payments in order to reduce poverty and drive inclusive growth.

With 60 professionals with strong digital finance experience across the globe and with several hundred projects in digital on-going, UNCDF is one of the leading development agencies in digital finance with a mission and expertise to reach very low-income customers in some of the world’s most difficult markets. UNCDF’s digital team and resources are currently spread across several programmes and UNCDF is in the process of consolidating its financial and technical resources to create a comprehensive team of experts in various domains to drive the new strategy “Leaving no one behind in the digital era”.

Based on this experience UNCDF started in 2017 to expand the scope of its programmatic agenda to go beyond digital finance. Through the “Leaving no one behind in the digital era” strategy, UNCDF is supporting, through its digital finance interventions, the emergence of inclusive digital economies. The strategy recognizes that reaching the full potential of digital financial inclusion in support of the SDGs aligns with the vision of promoting digital economies for the following reasons:

- The value of DFS is not obvious, especially to poor and vulnerable populations, as it is not closely linked to their ability to respond to their specific constraints and needs around agriculture, education, health, energy, and other key aspects of their daily lives.
- New innovative services should be developed to address these unmet needs. Innovation will not come from traditional providers but mainly from a range of new players (entrepreneurs, start-ups in various sectors, and digital platforms).

The ‘Leaving no one behind in the digital era’ strategy, to move from digital finance to digital economies builds upon and constitutes a logical integration of UNCDF interventions in financial inclusion and digital, developed over many years. The legacy of UNCDF intervention programmes was built through a range of country/regional programmes and global thematic initiatives, which has established a very strong reputation for UNCDF vis-à-vis donors and peers.

Please refer to www.uncdf.org
UNCDF Country Context

Since 2016, UNCDF's programmatic agenda in Bangladesh, has responded to the persisting exclusion of low-income people, especially women, that can limit the potential of individuals and businesses to contribute to and benefit from economic growth. While it started focusing on increasing access and usage of financial services; it has recently evolved (thanks to the promises showed by digital finance) to a more comprehensive strategy anchored in the need of building an inclusive digital economy to enable low-income people, especially women, accessing economic opportunities and reduce poverty. UNCDF’s new Inclusive Digital Economy Strategy (2021-2025) leverages the work we have done in the country since 2016 and expands the use of digital solutions to further tackle the main development challenges of the country.

UNCDF is implementing the following projects in Bangladesh:

The Merchants Development Driving Rural Markets (MDDRM): Supported by the European Union, this is a Fast Moving Consumer Goods (FMCG) sector-oriented intervention targeting retail micro-merchants in four northern districts of Bangladesh (i.e. Sherpur, Jamalpur, Tangail and Sirajganj) to develop capacities of the merchants and pilot market based solutions to expand financial inclusion and access to FMCG goods and services through retail merchants, particularly in rural areas in the selected districts. UNCDF is implementing this component in partnership with Dnet, Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and Bangladesh Dokan Malik Samity (BDMS). This project will end by 31st March 2021.

The Women MSME Fintech Innovation Fund launched in 2019 aims to increase access to finance through digital solutions for women-owned, managed or led micro, small, and medium enterprises (MSMEs). While this is a regional initiative, the first round of the innovation fund is supporting two partners from Bangladesh. The innovation fund is a cross-regional initiative implemented in coordination with UN ESCAP, Government of Canada, and other partners.

In joint implementation with UNDP, UN Women, and ILO, UNCDF is developing the Integrated National Financing Framework (INFF) in Bangladesh supported by Joint SDG Fund, with UNCDF’s activity focus on SDG 7 and Digital Finance Ecosystem. UNCDF’s Inclusive Digital Economy Scorecard (IDES) and Digital Finance Ecosystem (DFS) Assessment (in partnership with UNDP) will also be contributing towards this project achievements. IDES is a strategic performance tool developed by UNCDF with the objective to easily track the level of development of inclusive digital economies at country level. It identifies the key markets constraints hindering the development of inclusive digital economies and helps set the right priorities with public and private stakeholders in each country to foster digital economies that leave no one behind.

In partnership and support from FMO, VISA Worldwide Inc. and UNESCAP, UNCDF will be implementing an Innovation Round around women enterprise resilience and recovery impacted by COVID-19 pandemic and support business models that addresses the issues. In Bangladesh, with support from VISA Inc. the country innovations would be around digital and financial literacy targeting small and micro businesses in partnership with e-commerce platforms.

Background and Purpose of Study

The ready-made garment (RMG) manufacturing sector is an important driver to Bangladesh’s economy and has been a driving force in creating employment and lifting millions out of extreme poverty. The RMG sector in Bangladesh provides employment for 3.3 million people across 4,600 garment factories, of which 1.5 million are women.

However, the industry constitutes various sustainability challenges across Environmental, Social and Governance (ESG) aspects affecting the decency of work and livelihoods of millions of people employed in the sector limiting its competitiveness and potential for further investment. The industry faces additional challenges presented by the ongoing COVID-19 pandemic and trends towards automation and Industry 4.0 impacts with potential of affecting millions of jobs and the livelihoods for people employed in the sector.

Digital services can improve livelihoods for the garment sector both from the perspective of improving livelihoods of worker, preparing them for the digital transformation as a result of automation and Industry 4.0 and improve overall ESG sustainability aspects. Yet currently there are market constraints for digital services to be implemented in the sector.

As RMG manufacturing remains a strategic part of industrialization and growth plans of the Government of Bangladesh beyond 2021, this pilot project, under UNCDF’s ‘Leaving No One Behind in the Digital Era’ strategy, will bring digitally-enabled business models and solutions to selected RMG manufacturers and their employees, particularly women, to ensure that use of digital solutions impacts lives of worker families in Bangladesh and RMG sector overall sustainability to increase competitiveness and attraction of further investment.

UNCDF is therefore seeking services to conduct a market assessment for a pilot for improving sustainability of the RMG manufacturing sector through digital solutions in Dhaka, for a period of 45 days commencing in April 2021 per requirements set forth in this Terms of Reference (TOR).

2) OBJECTIVES OF THE ASSIGNMENT

The purpose of the market assessment is to generate informed market-based recommendations to guide market ecosystem engagement activities with a subsequent Request for Applications (RfA) offering grant financing and technical assistance to develop targeted need-based digital solutions in the pilot for improving sustainability of the RMG manufacturing sector through digital solutions while ensuring that solutions proposed are gender-responsive. A mapping of sustainability aspects informed by available sustainability
assessments and reporting to inform planned digitalization opportunities customized plans for participating RMG manufacturers will be an outcome of the assessment.

For this purpose, an array of different stakeholders will be engaged in the assessment, including:

- **Supply-side:** digital service providers across finance, health, EdTech and other related services
- **Demand-side:**
  - Factory owners and human resource/compliance/sustainability managers of selected factories around Dhaka, both ones that have already implemented forms of digital services in their factories and for their employees and ones that have not yet done so and across different sizes (in terms of employees) of enterprises.
  - Employees in selected factories at household level.
  - Brand/buyer representatives in commercial relationships with selected factories.
  - RMG employer association.
- **Enabling environment:**
  - Civil society organizations working in the interest of digital services in the garment sector.
  - Development organizations working in the interest of digital services in the garment sector in Bangladesh.
  - Government representatives working with interest of digital services in the garment sector.
  - Investors with interest in garment sector Bangladesh.

Key areas to be investigated:

(1) Analysis of digital services currently used from the RMG worker perspective and gaps towards further digitalization at worker level. Research questions to address include:

- What digital services (across finance, health, EdTech, etc.) are used by RMG workers currently, particularly female workers at household and factory level?
- What are the current perceptions of workers, particularly female workers, of current and future digital services (across finance, health, EdTech, etc.), including current awareness and comprehension, customer journey (including barriers and challenges), technology use and adoption, and household decision-making? What are the workers’ current relationships with, and their awareness of, digital services (across finance, health, EdTech, etc.)? What has the impact of COVID-19 been on these perceptions and aspirations?
- What are the costs and benefits for using these services from the worker perspective?

(2) Analysis of digital systems and services currently used from the RMG manufacturing enterprise perspective to manage sustainability data reporting (employee salary payments, services, and benefits, etc.) and gaps towards further digitalization at enterprise level. Research questions to address include:

- What are the reasons explaining the existing enterprise sustainability data management systems in place in the factory? What are the benefits and challenges associated with the current sustainability data management systems?
- What is the current financial and social environment of the enterprise, level of awareness and comprehension of enterprise sustainability data management systems, current platforms and associated process and business model, current technology capability, knowledge and insights of systems used at enterprise level, experience, and aspirations of enterprise? Specifically in relation to employee management and related topics such as payroll, wages, working hours, worker turnover and productivity management and how these relate to enterprise sustainability. What has the impact of COVID-19 been on these perceptions and aspirations?
- What are the key costs, benefits, and financial elements (including any non-financial costs such as working hours spent on training, etc.) associated with enterprises to implement sustainability data enterprise management systems (such as investment in technology, capacity building, etc.)?
- What are the costs for non-compliance or of not having sustainability data available for reporting, audits, standards, and national law requirements? (e.g. fines, financial compensation, reduction of orders, etc.)

(3) Analysis of investment in digital systems at enterprise level related to automation, how these affect employee skill requirements and current level of usage of digital services and tools from enterprise perspective. Research questions to address include:

- What steps have enterprises taken to automate and invest in digital systems (such as investment in automated machines or software)? How have enterprises managed the skills and invested in skills development of their current workforce with regards to these developments? What, if any, EdTech services have been used by the enterprise to educate their current workforce?
- What is the current level of awareness, comprehension and interest of digital services used by employees from the RMG enterprise perspective?

(4) Analysis of tech-enabled and digital integrated systems used between RMG manufacturing enterprises and their partners, vendors, buyers/customers, and service providers (value-chain level digital services and platforms) currently and gaps towards further digitalization at value chain level. Research questions to address include:

- What existing tech-enabled or digital platforms/systems are used currently that more closely connect RMG manufacturing enterprises with vendors, buyers/customers and service providers related to enterprise sustainability? What are the current experience and aspirations of enterprises and their partners regarding these systems? What are the perceived benefits and challenges associated with these systems?
Gender mainstreaming will be conducted into all of the above-mentioned areas ensuring gender considerations and risk management to ensure these are considered and managed later on in the project implementation, particularly for digital services at worker level with clear analysis and concrete recommendations.

### 3) SCOPE OF WORK

The assessment will utilize various research tools in order to reach its objectives, including:

- Desk research of available secondary research
- Excel-based data checklist templates to gather insights of available demand-side and supply-side secondary data (client checklist from service provider perspective – sex-disaggregated data on customers disaggregated on garment workers)
- 35 Key Informant Interviews (KIIs)
- 6 Focus Group Discussions (FGDs)
- A non-representative Sample Survey (n=200)

These research tools will be utilized across the specific steps of the research which are:

1. **Conduct a thorough and clear desk review of existing secondary research sources.** This step of the assessment will focus on understanding the current levels of digitalization at enterprise and worker levels, including best practices for digitalization and use-cases where available, and the country-specific regulatory environment including country digitalization targets. The desk review will include an overview of existing research that highlight successes and failures of digitalization in the RMG sector in Bangladesh at enterprise and worker/household levels. At worker/household level this includes analysis based on a life cycle approach and customer journeys. Data checklists will be used to gather sex and garment worker-disaggregated data insights from available demand-side secondary research based on information gaps identified. During the desk review a mapping of sustainability aspects informed by available sustainability assessments and reporting (incl. GRI, HIGG/SLCP, Fair Wear Foundation, SA8000, WRAP, etc.) and digitalization opportunities for improving sustainability of enterprise and improving livelihoods of workers, particularly women, and their families through building digital use cases for in their daily lives and life cycle will be developed.

2. **Draft an appropriate research methodology for primary data collection through KIIS, FGDs and a non-representative short sample survey.** This step will focus on developing a research methodology for primary data collection that ensure appropriate representation and sufficient information for the purpose of the market assessment. The research does not pursue statistical representation but aim for qualitative breadth with non-representative quantitative insights. The desk review will inform the research methodology and limitations of it should be articulated.

3. **Primary data collection for the market assessment through:**
   - **Conducting KIIs with service providers, RMG enterprises, RMG workers and other stakeholders according to a prioritized list agreed on with UNCDF.** These interviews will inform the knowledge, awareness, and interest of digitalization in the RMG sector. The interviews will provide details on the usage and awareness of digitalization, willingness, and commitment to use digital services, platforms, and systems, anticipated and actual barriers and challenges as well as perceived risks and returns of implementing and using such services from the enterprise and worker perspectives. The interviews also aim to understand the financial and non-financial costs and benefits associated with digitalization. The researcher will ask the interviewed RMG enterprises to provide available sustainability reporting and audit reports to inform the sustainability and digitalization mapping. Excel-based data checklists will be used to gather client insights from service providers disaggregated on sex, occupation (employment at a RMG enterprise), geographical area, etc. where available. The findings from the desk review, interviews and data checklists will inform the development of subsequent focus group discussions and sample survey.
   - **Conduct focus group discussions and sample survey with RMG workers at household level employed at participating enterprises.** This step aims to understand more deeply the extent of digital service usage and workers perspectives of current and future digital services (across finance, health, EdTech, etc.) including current awareness and comprehension, customer journey (including barriers and challenges), technology use and adoption and gender aspects including financial and household decision-making. The focus group discussion will be conducted with an agreed number of workers across participating enterprises aimed at deepening the understanding of workers’ behaviour, practices, and perceptions. The interview guides will be created based on the findings from KIIs with workers. The contractor should ensure that representatives from bipartite factory committees in the selected factories are included in both the focus group discussions and survey. A non-representative sample survey among female and male workers at participating factories will be undertaken to gather insights based on information gaps identified through the desk review, KIIs and data checklists. The survey will be undertaken to assess level of digital inclusion in specific use-cases where there are gaps in available secondary data including questions on digital literacy and availability of digital tools, i.e. smartphones. The data will be disaggregated on gender.

4. **Draft a market assessment report, including an executive summary, analysing the prevalence of digital services and platforms from enterprise and worker/household perspectives and prevailing attitudes among stakeholders including demand-side (enterprise and worker/household perspectives), supply-side (service providers) and stakeholders in the enabling environment regarding opportunities and challenges for tailored digital services that improve sustainability of enterprises and livelihoods of workers, particularly women, and their families.** These will be presented using the mapping of sustainability aspects developed during the assessment across enterprise, worker/household and value chain level and including digital services across finance, health, EdTech and others. The assessment shall take the effects of the COVID-19 pandemic and IR 4.0 developments into consideration in analysis and presentation of opportunities and challenges. The assessment will inform
the market-based recommendations to guide market ecosystem engagement activities with a subsequent RfA offering grant financing and technical assistance to targeted need-based digital services and solutions to improve sustainability of enterprises and improve livelihoods of workers while ensuring that solutions proposed are gender-responsive.

The study will follow international guidelines on gender mainstreaming from the United Nations Development Group, as well as be guided by Do No Harm principles.

4) DURATION OF ASSIGNMENT, DUTY STATION AND EXPECTED PLACES OF TRAVEL

Duty Station: Home-based with travel.

Expected places of travel: The assessment will be conducted over a period of 45 days during April-May 2021. Local travel will be expected to reach interviewees around Dhaka, contingent on COVID-19 restrictions and health safety. Alternatively, meetings and primary data collection will be conducted online.

UNCDF cannot guarantee residence permits or visas for consultants. Consultants are responsible for securing their work documentation with limited support from UNCDF.

5) FINAL PRODUCTS

Specific deliverables will include:

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<th>Deliverables</th>
<th>Target Due Dates</th>
<th>Approximate % of Payment</th>
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<tr>
<td><strong>Deliverable 1</strong>: Desk review report outlining bibliography of reviewed sources, key findings, an overview of insights from data checklists available on demand-side secondary data and sustainability mapping.</td>
<td>APR 2021</td>
<td>25 %</td>
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<td><strong>Deliverable 2</strong>: Research plan report for primary data collection including key assumptions and research questions to be answered during the primary research, including primary research methodology and timelines.</td>
<td>May 2021</td>
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<td><strong>Deliverable 3</strong>: Draft assessment report.</td>
<td>May 2021</td>
<td>25 %</td>
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<td><strong>Deliverable 4</strong>: Final report in English as well as executive summary detailing research results and insights, assessment qualitative and quantitative analysis, research results and insights, framework to guide the digital development and market-based recommendations for next steps of the project submitted and finalized based on review and approval. This will include approved research tools and instruments and list of interviewees for conducting the assessment and raw and clean data sets. This will include focus group discussion guidelines, interview scripts, list of key informants, focus group participants, survey respondents and all type of guides and research tools used (in English and local language). All interview recordings and/or transcripts.</td>
<td>May 2021</td>
<td>50 %</td>
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6) PROVISION OF MONITORING AND PROGRESS CONTROLS

**Supervision and Performance Evaluation:**

The contractor will work under the joint supervision of the Regional Program Analyst and Technical Specialist. UNCDF will provide feedback on the work of the consultant to ensure the quality of deliverables as per the expectations of UNCDF and that the work is aligned with the broader project objective. The contractor is expected to communicate with the UNCDF focal points as often as required for clarification, any necessary updates and for consultation on any issues arising. UNCDF team and the contractor will be organizing weekly meeting to monitor the progress of the project, discuss any issues, questions, risks and provide guidance when needed.

**Payments**

Payment will be made upon satisfactory completion and acceptance of deliverables by the supervisor, the Regional Manager, Digital Hub Asia or Regional Digital Technical Specialist, Digital Hub Asia. Final payment shall require a signed performance evaluation of the consultant.

The following supporting documents will serve as conditions for disbursement:
• submission of invoice detailing deliverables achieved as stated in the contract.
• submission of all deliverables/ workplan/ progress report with relevant supporting documentation; and review.
• approval and written acceptance of each deliverable by the Regional Manager, Digital Hub Asia or Regional Digital Technical Specialist, Digital Hub Asia.

8) REQUIRED SKILLS AND QUALIFICATIONS
The applicants shall include in their proposal a team of experts that combine a range of expertise and competencies in order to conduct the assignment in accordance with the best industry standards. The sought profiles are described below. Please note: UNCDF will look closely to see if proposed CVs match the requirements listed below.

Expertise of firm:
• Key staff having a minimum Bachelor’s degree in International Management, Business Management, Economics, political science, sociology or similar fields.
• A firm and/or its key partner(s) having a minimum of five years of relevant experience in digital and financial inclusion, microeconomics, and digital and financial sector development policy review and evaluation.
• Relevant experience in working with RMG sector in Bangladesh, financial institutions, digital payments systems, sustainability, digitalization or related fields.
• Relevant experience in working on Women’s Economic Empowerment and gender.
• A firm and/or its key partner(s) having experience in project management with an excellent understanding of the local digital and financial system.
• A firm and/or its key partner(s) having excellent computer literacy, including research and report writing skills at a high-quality standard, communication - written and verbal skills both in English.

Management Structure and Qualification of Key Personnel
• Detailed CVs and / or short bios of the key staff to be involved in the assignment, including the authorized representative submitting the proposal. Key information for inclusion in the CV may include: college or university degree in Economics, International Trade, Social Science, Development Finance, International Development, or other relevant field, the current roles of the individual, the number of years worked and relevant working experience (number of years). Where some of the staff are going to be outsourced please provide a short bio for each of them indicating their name, current designation, qualification, and relevant working experience (number of years). Also indicate if they have had experience in relevant local financial system.