

August 8, 2011

Terms of Reference

A Study on Skills Development & Employment in Bangladesh RMG Sector

1.0 Background

The RMG sector in Bangladesh which employs more than 3.6 million people has been experiencing acute shortage of skilled workers which is a major constraint to realize its true growth potential, especially in a dynamic and fast growing industry led Bangladesh economy. The shortage of adequately skilled and employable workforce poses a significant barrier to its accelerated growth and competitiveness.

It may also be observed that the export oriented garment industry has demonstrated spectacular growth over the past two decades. RMG exports reached a steadfast figure of USD 17.91 billion in fiscal year 2010-2011; accounting 78.15% of national export earnings. Bangladesh has already become the second largest clothing exporting country in the world. Hence, we have a tremendous potential to grow further as we supply only 4%-5% of world's clothing consumption. Skill development is an important medium to unlock this potential and a focused approach to fulfill RMG sector's skill requirements can go a long way towards ensuring healthy growth for the sector. This is especially relevant in the context of Bangladesh's demography, where around 70% of our people are working population. This may also be mentioned that the economic growth of Bangladesh greatly depends on creating employment for its huge population. Every year around 20 million people are joining the labor force seeking work, while opportunities for productive employment are also increasing in the garment sector.

Successive governments chalked out a number of policies and strategies where industrialization - particularly the manufacturing sector - has been given utmost priority for better economic output. Several training initiatives have also been taken by the public and private sectors. But these are not sufficient. Yet there has been a severe mismatch between the employment potentials and the skills development initiatives.

Therefore, a survey/study needs to be conducted with reference to specific and nationally important production sectors as the RMG, to quantify the scope and potentials of employment through skills training, which are necessary to develop appropriate strategies and action plans to improve such skills shortage.

The readymade garment (RMG) industry has spearheaded the most needed industrialization and has been playing a vital role in accelerating economic growth through employment generation, poverty alleviation and empowering women. Recognizing its growth potential, skills development needs to be placed on the priority agenda of the government and industry. A hunger and poverty free Bangladesh is envisioned by the government by 2021, when Bangladesh will celebrate the golden jubilee of its independence.

2.0 Objective

BGMEA wishes to undertake this study which should help the following sectoral needs:

- I. Identify the existing skills shortage and future demand of skilled workers (*see note (a)*) in the garment industry. This will also identify the types of skills that employers are seeking (including basic literacy, transferrable skills, life skills, as well as specific vocational skills), and the types of training programs needed to support these.
- II. Identify the worker turnover rate, drop-out rate and the rate of fresh induction
- III. Investigate the potentials of product diversification and resulting requirement of more technical/sophisticated types of skills, and the types of training programs needed to support these.
- IV. Set a productivity benchmark for Bangladesh apparel industry and quantify the potentials of productivity enhancement through skill up-gradation.
- V. Identify the need for trained/skilled workers caused by increasing complexity of production processes, and use of automation/computer (IT) driven technology.
- VI. Analyze the relevant policies available at the national level, and compare with those of our competitor countries.
- VII. Identify the existing skills training capacity and initiatives in Bangladesh, and the capacity requirement needed to support the skills need of the RMG industry. It will also identify ways to address the chronic misalignment between the demand for and supply of skills in the garment industry of the country.
- VIII. Analyze the various skills development programs supported by aid donors and highlight the effectiveness of aid for skills development in RMG sector.
- IX. Determine the degree of necessity for a consolidated skills development initiative which will support the future progression of the industry and the country's economy as far as the sustainable solution to poverty is concerned.
- X. Formulate a skill development training module for different skills type as per the exact requirements of the RMG sector in terms of best international standards.
- XI. Envisage approaches to policy making, governance and financing of skills development program. Recommend strategies and action plans for 'Fast-track' (short term), Medium Term and Long Term (Best Practices) solutions.
- XII. Develop a model for a skills development program where the role of different stakeholders will be defined.

3.0 Scope of the Assignment

To meet the objectives of the proposed study, the scope will include:

- I. Documentation and analysis of existing skills typology of workers (*see note (a)*), mapping of type-wise skill gap and future potentials, identify the potentials of new skill-categories currently not existing.
- II. Analyses on the RMG industry, product and trade within the objective of the study.
- III. Explore the importance of skill development training program as per the current and future requirements of the RMG sector and its role to address the unemployment and poverty related issues outlined in the present government's 'Vision 2021'.
- IV. Analyses on relevant national and international policies, and the role of different stakeholders including public and private sectors, NGOs and development partners who have particular interest on '*skills development & promoting employment opportunities*'.
- V. Provide strategy for strengthening of existing training infrastructure in terms of policy action required by the Government/ other key stakeholders in the sector.
- VI. Develop a sustainable framework for a 'collaborative approach' among the stakeholders to revitalize/launch a nation-wide skills training program for the RMG industry.

4.0 Methodology

The consultants will be required to present a detailed technical proposal including a methodology which should include the followings:

- A sample survey will be undertaken in each representative cluster (knitwear, woven and sweater). These samples will be a fair representative of small, medium and large enterprises belonging to each cluster.
- The sample will cover at least 25% of operating RMG factories in all major geographic regions populated with high density of RMG industries such as greater Dhaka, Narayangonj and Chittagong.
- Preparation of all survey tools and questionnaires must be consulted with BGMEA before usage.
- Selection of key individuals and groups of relevant stakeholders for the purpose of KIIs, FGDs and other interviews must be consulted with BGMEA before finalization.
- The consultants must present progress report of the study internally to BGMEA at least (but not limited to) once in every fortnight.
- The results must be validated through validation workshop before the final presentation.

5.0 Outputs and Deliverables

- I. 'Inception Document' for the establishment of the monitoring structure (including methodology) two (02) weeks after signing of contract.
- II. Final Report on Skill Development in the RMG sector in Bangladesh after feedback analysis which may also include suggestions on linkages, policy framework, and innovative delivery channels, etc.
- III. A brief summary on the final report of 2-3 pages (not the executive summary)
- IV. All the report must be in English language. Only the 2-3 pages brief summary will be in both Bangla and English.

6.0 Team Structure

The bidding consultants should send detailed proposal which should include their CV. The proposal shall also specify an appropriate Team Structure for conducting the survey/study in an optimum manner and within the proposed time-schedule, including Field Surveyors (Enumerators) - their numbers etc.

The proposal should include a clear demonstration that the consultant can have access to new or 'hard to get' information or data, ideally and directly from relevant national and international authorities.

7.0 Duration

The study must be completed by the 10th day of November 2011. This includes all field work, reporting and preliminary presentation.

8.0 Reporting & Presentation of Study

At the end of the assignment, the consultants must submit three hard and soft copies of the comprehensive report with the stipulated deadline.

9.0 Requirements and Contractual Arrangements

The consultants are required to submit a technical and financial proposal addressing all the requirements mentioned in the terms of reference along with a detailed financial proposal which provides a clear breakdown of all expenditures which are associated with the project. The company should also provide a company profile including the CVs of the team members who will be involved in this project including a list of their own publications relevant to the topic of the background paper.

The consultant will be selected by BGMEA. For the recruitment and engagement of the consultancy company, the BGMEA's rules and regulations for the procurement of consultancy services will apply. The contractual agreement will be through the BGMEA.

10.0 General Conditions

- The consultant shall warrant that the execution of this agreement and performance hereof will result in no conflict or contradiction between this TOR and any government document or contractual document to which no violation of such document, nor any right entitling any third party to claim against it.
- The consultant shall neither seek nor accept instructions from any authority external to BGMEA in connection with the performance of its services under this TOR.
- All reports, recommendations, documents and all other data compiled by or received by the consultant under this TOR shall be the property of BGMEA, shall be treated as confidential and shall be delivered only to BGMEA authorized officials on completion of work under this TOR.
- The report should be free from plagiarism.
- BGMEA shall be entitled to all intellectual property and other proprietary rights with regard to documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the execution of this Contract. The consultant shall not at any time use such information to private advantage. These obligations do not lapse upon termination of this contract.

11.0 Notes

- a) Worker: Not to be limited within production worker but also should cover skills like mechanics, technicians, safety, compliance, IT professionals and other skill categories.
- b) Stakeholder: Parties who are directly and indirectly related to the RMG industry and skills development affairs, such as government agencies, industry associations, manufacturers, exporters, buyers, workers' federations, NGOs, development partners, etc.