

Terms of Reference (ToR):

Research on “The implementation status of the new minimum wage structure and its impact on RMG workers”

Sustainable Textile Initiative: Together for Change (STITCH)

Sustainable Textile Initiative: Together for Change (STITCH) is a partnership that aims to work collectively towards a global textile and garment industry that contributes to an equal and just society by respecting human rights in the world of work. STITCH is active in garment-producing countries across Asia, including Bangladesh, Cambodia, India, Indonesia, Myanmar, and Vietnam, and has developed a regional approach for the Middle East and North Africa (MENA) region.

In Bangladesh the partnership consists of 3 organisations: the Ethical Trading Initiative, Fair Wear Foundation and Mondiaal FNV. STITCH consortium members share the goal of an industry in Bangladesh where garment workers, of which 55% are women, can exercise their right to freedom of association, and access safe, dignified and properly paid work. STITCH envisages workplaces where workers feel free to speak out, unionise, and bargain collectively for better working conditions and the partnership aims to amplify workers' voices, help achieve trade union and civil society objectives and drive change by convening and aligning supply chain stakeholders.

STITCH collectively stands up for better working conditions and adherence to labour rights by:

- Capacitating suppliers to improve their social dialogue with workers and governments and sourcing dialogue with brands.
- Working with local unions and labour rights organisations on collective bargaining to influence higher wages, gender issues and decent work.
- Engaging with brands towards more responsible business, leveraging the crucial role they play in making the industry both more ethical and sustainable.
- Advocating for a legislative framework that creates higher levels of accountability on better working conditions and remuneration for companies sourcing in the production countries.
- Lobbying, campaigning and convening to influence the regulatory framework being developed at EU and national levels as part of human rights due diligence by companies.

Research Context

The Bangladesh RMG sector is considered to be the lifeblood of the national economy. It constitutes 82% of the country's export earnings and contributes 9.25% of GDP (Bangladesh Bank, 2022). Bangladesh is the second largest garments supplier in the world, with the RMG sector largely responsible for halving poverty rates since 2000 as the influx of foreign investment and export earnings have grown the economy significantly.

The sector is a major provider of formal employment, particularly for women who had previously not enjoyed economic empowerment. Despite a continuous decline in the proportion of women working in the industry, they still equate to 53.65% of its total 4.2m strong workforce (ETI, GIZ & BRACU, 2023). Its

contribution to creating scope for the marginalised rural young women in the formal economic sector is remarkable.

While the Bangladesh economy has enjoyed significant growth due to RMG exports, the conditions of workers enabling this economic development remains precarious. The Bangladeshi government had formed a Wage Board to revise the minimum wage for the country's RMG (ready-made garment) sector, which revised the minimum wage structure for both EPZ and non-EPZ factories in December 2023. Previously, the minimum wage of EPZ factories was 8,200 tk; with 56% increase now the minimum wage of EPZ factories is 12,800tk. For non-EPZ factories the previous minimum wage was 8,000 tk; with 56% increase the new minimum wage for non-EPZ factories is 12,500tk.

The debate on the revised minimum wage is still ongoing, especially in the socioeconomic context of the country. The major discussions concentrate on whether the revised minimum wage is aligned with the inflation rate, if all factories have capacity to implement it etc. It is expected that it will have multi-dimensional impacts on workers' lives and the industry. In this context, assessing the impact of minimum wage including its implementation status is crucial to create evidence and facilitate dialogue between industry key stakeholders. Therefore, the STITCH consortium Bangladesh intends to conduct a study aiming at assessing the implementation status of minimum wage in the EPZ and non EPZ factories; perspective of buyers, suppliers, and workers; and how this impacts the life and livelihood of the workers. The research will help in facilitating evidence-based dialogue among brands, buyers, trade associations, relevant government agencies and other relevant stakeholders at the sectoral level; for the ensurement of worker rights, improvement of wage standards and responsible purchasing practices.

Objective of the Assignment

The primary goal of this research assignment is to generate research-based evidence that will inform and catalyse stakeholder support and constructive dialogue for the enhancement of worker rights, minimum wage standards, and social and sourcing dynamics within the RMG sector of Bangladesh. The research aims to facilitate informed decision-making, foster stakeholder dialogue, and advocate for equitable and sustainable practices within the industry.

Research Objectives:

- **Evaluate implementation status of minimum wage:** Assess the status and challenges of implementing the revised minimum wage in EPZ and non-EPZ factories.
- **Stakeholder roles and perspectives:** Analyse and examine the roles and perspectives of different stakeholders on minimum wage.
- **Socio-economic impact:** Investigate socio-economic impact of minimum wage on RMG workers.
- **Actionable recommendations:** Provide a set of recommendations to enhance wage policies, improve negotiation processes, and promote sustainable purchasing practices etc. in the RMG sector.

Key Research Questions:

- Evaluate the implementation status of the revised minimum wage; including challenges faced by key players (workers, employers, brands, trade unions, trade associations and government).
- Examine the roles and contributions of different stakeholders in implementing declared minimum wage and addressing work pressure issues. Furthermore, explore the role of

purchasing practices, FOB price setting mechanism and its impact on timely implementation on declared minimum wage. This should include not only the role of brands and employers but all relevant stakeholders including business associations, trade/employed associations, government agencies (DIFE, MOLE etc.), trade unions and other bi-lateral and multilateral organisations.

- Analyse the perspectives of various stakeholders (i.e workers, employers, brands, and business associations) regarding the changes in minimum wage and its implementation.
- Investigate the socio-economic impact of minimum wage adjustments on RMG workers, including their living standards, financial stability, and overall well-being.
- Generate a list of actionable recommendations aimed at enhancing the effectiveness and fairness of sectoral level minimum wage policies; negotiation process of minimum wage (future minimum wage negotiation) including scope for right holders (i.e. workers) participation in the process; role and accountability of minimum wage board; and promoting sustainable purchasing and negotiation practices (i.e FOB setting, CBA signing between employers and workers) within the RMG sector.

In line with the key research questions mentioned above, the consultant(s) shall be responsible for developing a detailed questionnaire for each respondent group.

Methodology

The study will apply mixed methods combining both qualitative and quantitative. The sample size needs to be nationally statistically representative and proportionate to sub-categories as applicable. The expected sample needs to consider both EPZ and non-EPZ RMG factories. Sex-disaggregated data (where applicable) shall be collected and analysed in the report. Gender and other diversity-related aspects as appropriate needs to be reflected in designing research tools, collection, analysis, and interpretation of data. Data triangulation approaches should be reflected in the study design and implementation.

Stakeholders and Location

Relevant stakeholders of the research including Trade Union federation (i.e IBC), workers' representatives, general workers, factory management, owners' associations, brands and government agencies (i.e DIFE, minimum wage board, ministry of labour and employment, ministry of commerce) are located in Dhaka, Chittagong, Gazipur, Narayanganj, Mymensingh.

Considering key research questions, the consultant may include other relevant categories of respondents that may complement research findings.

Deliverables

1. The final output of the assignment shall be one detailed research report which will include executive summary and detailed recommendation.
2. PowerPoint presentation from the report.
3. Summary report
4. Detailed research methodology, a comprehensive work plan with time indication.
5. Final data collection tools including designed questionnaires (Bi-lingual).
6. Clean and complete raw dataset from the research. The raw data set should reflect the rigorous data collection process, accurate transcription or documentation of qualitative data, and comprehensive data cleaning procedures. The consultant should ensure the removal of any

identifiable or sensitive information to protect participant privacy and confidentiality. The clean raw data set will facilitate further analysis by STITCH Consortium.

7. Photo of research activities with photo consent.
8. Dissemination of the research findings in a multi-stakeholder dissemination event (in-person) and a global stakeholder forum meeting (online) organised by STITCH.
9. The research findings will be presented in a comprehensive report, outlining key insights, challenges, and recommendations for relevant stakeholders especially; brands, suppliers, business associations, federations and government.
10. The consulting firm/consultant is expected to ensure timely delivery and adhere to the highest professional ethical standards throughout the research process. Moreover, the consultant(s)/consulting firm shall be responsible for assigning a focal point to regularly communicate with the focal point of this study to be designated by STITCH.

Specific Tasks

- Regularly communicate and coordinate with relevant stakeholders, including STITCH project team members and other influential organisations, to gather insights and ensure alignment with project goals.
- Design and execute data collection methodologies, including surveys, interviews, and focus group discussions, to gather relevant information from stakeholders.
- Conduct rigorous data analysis to extract meaningful insights and draw evidence-based conclusions in line with the research objectives.
- Prepare comprehensive research reports detailing key findings, analysis, and recommendations for stakeholders and policymakers.
- Present research findings and recommendations to relevant stakeholders through multi-stakeholder dissemination events and online forums to facilitate dialogue and knowledge-sharing.

Timeline

Activities	Timeline
Onboarding and inception	Third week of July
Literature review and tools development	Second week of August
Data collection, interview and document review	Last week of September
Data analysis and report drafting	Last week October
First draft of report and presentation submission	First week of November
Incorporation of feedback and report finalisation	Last week of November
Dissemination	Second week of December

Required Competencies

- A proven track record in quantitative and qualitative research.
- Experience in conducting research in the domain of workers' rights, social dialogue, purchasing practice and decent work, especially in the RMG sector.
- Strong familiarity with international and domestic policy frameworks and best practices concerning workers' rights and decent work.
- Demonstrated experience in conducting quantitative and qualitative research for projects funded by donors.
- The consulting firm/ consultant must follow the due diligence policies for such contracts.

Application Process

Interested organisations (Think tanks, Universities, research organizations) should submit technical proposal and financial proposal by **July 13, 2024**. For further clarification ETI will organise an online briefing session on **June 26, 2024**. Interested applicants can register in the link (<https://forms.office.com/r/3v44yQc4ak>) to attend the briefing session. Registration for briefing session must be done by **June 24, 2024**. Briefing session meeting link would be shared on **June 25, 2024**.

Following documents should be submitted by the applicant along with technical proposal and financial proposal:

- Organization's/consultant's profile with list of completed assignments (evidence of completed assignments should be included)
- Organization's/consultant's legal documents as admissible (legal licence, TIN, VAT) and last year's annual audit report
- An explanation of how you fulfil the requirements stated above and your relevant skills/ experience
- Detailed approach, methodologies, processes and steps with timeline
- CVs of the team members involved in the assignment
- Financial proposal specifying the required item-wise cost with VAT & TAX as per GOB Rules.

Interested organisations / consultants are requested to submit all mentioned documents in soft copy to hr-admin@etibd.org. File size of the email should not exceed 10 MB, multiple emails are allowed to ensure all relevant documents are submitted.

For any technical queries you may contact: **Munir Uddin Shamim**; Senior Manager - Programme, Evidence & Learning; ETI Bangladesh Email: munirshamim@etibd.org.

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