

Terms of Reference (TOR)

for

Competitiveness Study of Potential Private Sectors in Bangladesh

(Package no. S41-1)

1. Background

Bangladesh has made significant progresses in economic development, largely driven by the export-oriented private sectors. Bangladesh's exports are highly dependent on preferential market access. Bangladesh is scheduled to graduate from its Least Developed Country (LDC) status on November 24, 2026, marking a significant milestone in its socio-economic development. Bangladesh's exports are highly dependent on preferential market access. The RMG sector, which accounts for 85 percent of exports, relies heavily on DFQF access to several developed country markets, including the EU, Canada, Australia, and Japan. Country's RMG products also enjoy duty-free access in some developing countries on a limited scale. In fact, Bangladesh was among the few LDCs that reaped the most benefits from preferential market access offered by developed countries. As the country is graduating from its Least Developed Country (LDC) status, it is critical to identify and develop new and emerging private sectors that can diversify the economy, enhance export earnings, and create sustainable employment opportunities. To navigate this challenge, it is imperative to identify and cultivate new high-growth, high-value private sectors. This requires a proactive strategy to diversify the economy and build sustainable, export-oriented industries. The government's goals outlined in the Plan and Vision by addressing critical bottlenecks in trade infrastructure, and regulatory processes, thus enhancing global competitiveness and integrating Bangladesh into international markets.

2. Rationale

Bangladesh's competitiveness in the global market will significantly erode after graduation. Therefore, this transition, while an achievement, poses critical challenges to the country's export-oriented economy, which has historically relied heavily on preferential market access.

- The impending loss of LDC-specific International Support Measures (ISMs), particularly Duty-Free, Quota-Free (DFQF) access under schemes like the EU's "Everything But Arms" (EBA) initiative, will significantly erode the competitiveness of Bangladeshi exports. Estimates indicate that preferential access covers approximately 70% of Bangladesh's global exports.
- Post-graduation, tariffs are expected to rise substantially in key markets, including an average tariff of close to 12% in the EU (if GSP+ is not secured for apparel) and potential hikes of 16-17% in Canada and Japan.
- Bangladesh's export base is highly concentrated, with the Ready-Made Garment (RMG) sector accounting for approximately 85% of total exports. This reliance makes the economy highly vulnerable to the loss of trade preferences in a single sector.
- The country must transition from a low-wage, preference-driven export model to one driven by productivity, innovation, quality, and compliance to ensure sustainable and inclusive growth.

A comprehensive feasibility study is therefore critical to identify new drivers of export growth, formulate strategic policy interventions, and build the necessary institutional and private sector capacity to navigate the post-LDC landscape. This study is aimed to provide an in-depth analysis of the competitiveness of potential private sectors, identify key constraints, and recommend strategic policy interventions to unlock their growth potential. The findings will directly inform policy decisions and targeted interventions aimed at strengthening institutional capacity and promoting export diversification.

3. Objectives of the Study

The main objectives of this study are to:

- **Assess and Propose Strategies for Export Competitiveness:** Conduct a detailed quantitative and qualitative assessment of the likely erosion of export competitiveness post-LDC graduation and propose a set of policy and enterprise-level interventions to offset this impact.
- **Develop an Export Diversification Roadmap:** Identify and analyze high-potential sectors and formulate a targeted roadmap to enhance export diversification in terms of both products and markets.
- **Identify and Address Capacity Building Needs:** Pinpoint the critical public and private sector capacity gaps—particularly in trade facilitation, standards compliance, and skills—required to achieve and sustain competitiveness in a non-preferential trading regime.
- **Feasibility Study:** Feasibility Study for the 4+ Potential Private Sectors in Bangladesh, which will be finalized from the sector study report.
- **DPP Preparation:** Prepare of a Development Project Proposal (DPP) with detailed cost estimate for the selected sectors

4. Scope of Work

The consultant will be responsible for the following tasks:

(a) Inception and Sector Scoping

- Conduct a comprehensive desk review of all relevant government documents, economic reports, and academic literature and existing research.
- Develop and justify a methodology for identifying and shortlisting high-potential private sectors, including emerging sectors or those showing significant potential for value-added growth.
- Prepare and submit a detailed Inception Report outlining the work plan, methodology, and the final list of sectors selected for in-depth analysis.

(b) Post-LDC Competitiveness and Trade Preference Assessment

- **Quantitative Impact Analysis:** Quantify the expected tariff impact on Bangladesh's exports by market and by key product categories for the period 2027-2030, using trade models.
- **Post-Preferential Access Strategy:** Analyze the feasibility and required conditions for Bangladesh to secure GSP+ status in the EU and Enhanced Preferences in the UK post-graduation.
- **FTA/PTA Feasibility:** Review the progress of ongoing bilateral and regional trade negotiations and identify the priority markets for securing new Free Trade Agreements (FTAs) or Preferential Trade Agreements (PTAs) to safeguard market access.
- Assess the current state of trade facilitation infrastructure and procedures in Bangladesh, identifying bottlenecks and areas for improvement.
- **WTO-Compliance and Subsidy Reform:** Analyze the implications of losing flexibilities under WTO agreements, propose a phased transition plan for replacing WTO-non-compliant export cash incentives with WTO-compliant support mechanisms.

(c) Export Diversification Strategy and Value Chain Analysis

- **Sector Identification and Prioritization:** Perform a comprehensive **competitiveness analysis** for each shortlisted sector, including an assessment of current market size, growth trends, and export performance.

- Building upon the existing national priorities, identify and select and prioritize **high-potential export sectors** based on criteria like domestic and international market potential, SME linkages, and job creation.
- **Deep-Dive Value Chain Analysis:** For each selected sector, conduct a comprehensive value chain analysis to identify:
 - Current constraints and competitive advantages.
 - Specific policy interventions and investment needs (e.g., R&D, infrastructure).
 - Opportunities to enhance local value addition and backward linkages.
- Identify key constraints, including regulatory hurdles, trade facilitation issues, and skill gaps.
- Benchmark against key regional and international competitors.
- Conduct extensive consultations with key stakeholders (government agencies, private sector associations, business chambers, academic experts, and leading private firms).
- **Recommendation:** Formulate recommendations based on the findings for export diversification and competitiveness of the prioritized high-potential export sectors.

(d) Capacity Building and Enabling Environment Reform

- **Trade Facilitation and Logistics:** Assess the current state of trade logistics and propose a roadmap for improving trade efficiency, Modernize and upgrade trade infrastructure.
- Streamline trade procedures and regulations to simplify processes and enhance transparency in cross-border trade transactions
- **Standards and Compliance:** Evaluate the gaps in meeting stringent international standards (e.g., environmental, Social and Quality compliance) required in post-LDC markets. Propose a plan for establishing or upgrading state-of-the-art Technology Centers.
- **Skills and Productivity (4IR Preparedness):** Analyze the skill development needs for export sectors in the context of the Fourth Industrial Revolution (4IR), focusing on automation and AI. Recommend strategic investments in vocational and technical training to boost labor productivity and innovation.
- **Investment Climate:** Identify key barriers hindering Domestic and Foreign Direct Investment (DDI/FDI) in the prioritized export sectors and propose policy reforms to enhance the overall investment climate.

(e) Feasibility Study: The Consultant shall conduct a comprehensive Feasibility Study for formulating a new Project, culminating in the preparation of a complete Development Project Proposal (DPP) and all necessary supporting documentation. This includes:

- Finalizing the Project Rationale and confirming the project's alignment with post-LDC national goals.
- Detailed Cost-Benefit Analysis and Financial/Economic Feasibility of the proposed interventions across all components.
- Developing a robust Monitoring and Evaluation (M&E) Framework with clear, measurable indicators, targets, and a detailed implementation plan (including a procurement plan).
- Conducting a comprehensive Risk Analysis (fiduciary, environmental, social, institutional) and developing mitigation measures.
- Based on finalized feasibility Study prepare a Prodoc /DPP for the proposed project which includes sections on the project's situation analysis, strategy, results framework, budget, Work Plan, Management Arrangements, Monitoring & Evaluation plan, Stakeholder engagement and Risk management.
- Stakeholder consultation and incorporate feedback from the relevant stakeholders into the Prodoc/DPP.

(f) Development Project Proposal (DPP): The formulated Development Project Proposal (DPP) will be properly structured with relevant components including the following components with indicative activities -

(i) Institutional Capacity Building for LDC Graduation

- Capacity building programs targeting government officials, policymakers, and stakeholders to enhance skills in policy formulation, implementation, and monitoring.
- Coordination mechanisms to facilitate inter-agency collaboration and stakeholder engagement throughout the transition process.
- Other recommended interventions.

(ii) Research and development

- Develop and implement reforms aimed at enhancing the ease of doing business, promoting investment, and ensuring regulatory compliance.
- Strengthen institutional capacities for policy formulation, implementation, and enforcement.
- Other recommended interventions.

(iii) Trade Facilitation

- Trade facilitation initiatives aligned with international standards and best practices, such as the WTO Trade Facilitation Agreement, to promote ease of doing business and attract foreign investment.
- Other recommended interventions.

(iv) Capacity Building for Trade Negotiations

- Initiatives to enhance the capacity of government officials and negotiators to participate effectively in bilateral, regional, and multilateral trade negotiations, including trade agreements with key trading partners and participation in regional economic integration initiatives.
- Training and technical assistance on trade policy analysis, negotiation strategies, and compliance with international trade agreements, including support for the development of national trade policies and strategies.
- Strengthen partnerships with international organizations and trading partners to leverage expertise and resources for capacity building in trade negotiations.
- Other recommended interventions.

(v) Physical Infrastructure and support private sector

- Establishment of two new Technology Centers(TCs);
- Up gradation of the two established Technology Centers(TCs);
- Support activities for the private sectors;
- Common facility supports program of industry clusters;
- Other recommended interventions.

5. Reporting and Dissemination

- Inception Report
- Develop Sector Study/ Competitiveness Study of Potential Private Sectors in Bangladesh
- Synthesize findings of the Sector Study/Competitiveness Study into a coherent and actionable strategy.
- Develop Feasibility Study report for the project on competitiveness of 4+ Potential Private Sectors in Bangladesh, which will be finalized from the sector study report.

- Develop a set of clear and practical recommendations for the GoB and the private sector, focusing on policy reforms, infrastructure improvements, skill development, and targeted support programs.
- Prepare a Draft Development Project Proposal (DPP) with detailed cost estimate.
- Incorporate feedback and finalize DPP
- Present the final findings and recommendations to stakeholders in a workshop/seminar format (Dissemination Workshop).
- Completion report/final report

6. Deliverables

The consultant will submit the following deliverables:

Deliverable	Due Date (From Contract Signing)
Inception Report (Detailed work plan, methodology, final sector selection criteria, and longlist/shortlist of sectors)	Within 3 weeks
Sector Study & Selection Report (Detailed analysis and justification for the final 4+ selected sectors)	Within 6 weeks
Feasibility Study Report (report containing comprehensive competitiveness & value chain analysis on the selected sectors from the sector study report)	Within 15 weeks
1st Consultation Workshop with Zero draft of DPP	Within 12 weeks
Draft Development Project Proposal (DPP)	Within 18 weeks
Consultation Workshop on draft DPP	Within 18 weeks
Final Report/Completion Report (comprehensive document/report, including final DPP by incorporating all feedback on draft report)	Within 20 weeks
Presentation (Dissemination Workshop)	Upon submission of the final report

7. Timeline

The study is expected to be completed within a period of **five (5) months** from the date of contract signing.

8. Consultant Qualifications

The consultant must be a reputable firm with legal capacities and extensive expertise in economic research, private sector development, competitiveness analysis, feasibility study, DPP preparation, etc. within Bangladesh country contexts. The Consultant must have demonstrated expertise to work within the potential export/manufacturing/industry sector/ subsectors. The Consultant may choose to carry out the feasibility assessment using its own organizational resources, or other partners. It is important to demonstrate that the high level of technical/subject matter/DPP expertise along with local knowledge, and language capabilities are available. It is highly recommended that the proposed team has strong presence on the ground during the execution of the assignment to ensure effective and efficient coordination with the Project team.

9. Staffing and Qualifications

The team will comprise provisionally the following Key Experts and approximate time input subject to the consultant's own estimates and the workload. In addition to other Non Key Experts for technical and operational support will need to be added to the team as required.:

- Team Leader: At least 15 years of experience in leading research or consultancy projects related to trade, private sector development, or economic policy.
- Economist/Trade Specialist: A minimum of 10 years of experience in trade policy analysis, competitiveness studies, and value chain analysis.
- Sector Specialists: A minimum of 10 years of experience and in-depth knowledge of the private sectors to be studied.
- DPP preparation Expert: A minimum of 10 years of experience and in-depth knowledge of preparation of Development Project Proposal (DPP) aligning with the updated planning commission requirements.

10. Reporting and Management

The consultant will report directly to the Project Director. Regular progress meetings (e.g., bi-weekly) will be required to ensure alignment and timely submission of the deliverables.

11. Payment Schedule Linked to Deliverables

Payment Tranche	Deliverable / Milestone	Amount
1st Payment	Inception Report Accepted: Submission and acceptance of the Inception Report, detailed work plan, methodology, and final sector selection criteria.	10% of total contract amount
2nd Payment	Sector Study Report Accepted: Submission and acceptance of the Draft Sector Study & Selection Report, including the detailed analysis and justification for the final 3+ selected sectors.	15% of total contract amount
3rd Payment	Feasibility Study Report Accepted: Submission and acceptance of the comprehensive Feasibility Study Report , including the competitiveness and value chain analysis, all findings, and draft recommendations. (Aligned with 1st Consultation Workshop)	30% of total contract amount
4th Payment	Draft DPP Accepted: Submission and acceptance of the Draft Development Project Proposal (DPP) (prior to the Consultation Workshop on the draft DPP).	30% of total contract amount
5th Payment	Final Report Accepted: Submission and acceptance of the Final Report including Final DPP and successful delivery of the Dissemination Workshop/Presentation.	15% of total contract amount