

Terms of Reference (ToR)

For the Study on

Impact of Covid-19 on SMEs in Bangladesh

Background:

As the global economy is facing the 'Great lockdown' recession caused by the COVID-19 pandemic, the economy of Bangladesh too, has been hit hard. The shutdown effected in the country since late March to contain the spread of the coronavirus resulted in massive slowdown in our economic activities. With the onset of the COVID-19 crisis, Micro, Small and Medium enterprises (MSMEs) are in a particularly vulnerable position; this is a big concern for Bangladesh, since these enterprises are strategically important for the economic recovery in the country after the pandemic is over. Micro, Small and Medium enterprises (MSMEs) are the lifeline of the economy of Bangladesh. According to a 2019 World Bank report, 99% of the non-farm enterprises in Bangladesh are MSMEs, and in 2013, MSMEs created about 20 million jobs.

Micro and small enterprises in general, and particularly those producing and selling non-essential products and services for the domestic markets, are experiencing a sudden plunge in their sales. Majority of these enterprises usually do not possess adequate liquid assets, nor do they enjoy necessary access to credit, even in normal times. Running out of cash may cause the demise of many of these enterprises. The survival of MSMEs is particularly important for the economic recovery in the country after the pandemic is over. Due to their informal nature, micro and small enterprises tend to fall outside the radar of policy support, despite their important contribution to the national economy and job creation. Consequently, it is likely that despite the possible devastation faced by these enterprises because of COVID-19, they may not get necessary support from the government.

Covid-19 has brought tragic consequences for health and lives of hundreds of thousands of people and tremendous setback on the emerging economy of Bangladesh. The crisis has already transformed into an economic and labour market shock, impacting all business specially SMEs.

This is more important as the small and medium enterprises play an instrumental role in creating economic resilience as, compared to other sectors, their connection with the global economy is relatively weak, and they employ a large share of the workforce, mostly the poor.

The outbreak of COVID-19 has re-directed the research focus on MSMEs with an emphasis to ascertain the gravity of the impact of the pandemic on MSMEs and to frame time-befitting policy responses to save them. A Research has been conducted by OECD (2020), ITC (2020),

ILO (2020) to present the picture of pandemic in the context of SMEs globally. Some researchers including Qamruzzaman (2020), BRAC (2020) also attempted to study the MSMEs in Bangladesh. However, research on the effects of COVID-19 mostly were conducted in the early months of the pandemic and were projective in nature. Since a couple of months have passed since the pandemic hit the country, research needs to be carried out with evidence from the various sectors and sizes of firms.

SME Foundation is now going to conduct a study to know the impact of Covid-19 on SMEs in different sector of Bangladesh. This study will look into the extent of the impact of the COVID-19 induced economic crisis on these MSMEs and their coping mechanisms and highlight to the plights of the MSMEs and provide practical policy recommendations to support them.

1. Objective:

The broad objective of the study is to assess the impacts of Covid-19 pandemic on MSMEs in different sectors in Bangladesh. The study will also evaluate the effectiveness of the policy measures & intervention programs taken by the govt. organizations & development organizations/partners and subsequently recommending the way forward.

1.1 Specific Objectives:

- To understand the status of MSMEs in the pandemic situations in Bangladesh;
- To investigate and measure the impacts of Covid-19 on SMEs in different sectors and regions;
- To measure and analyze the effects of Covid-19 on women entrepreneurs;
- To critically reflect the global scenario of MSMEs in this critical time;
- To evaluate the government policy measures to stimulate the SMEs during the pandemic;
- To analyze IT-based innovation to create future opportunities for MSMEs in Bangladesh;
- To draw lessons from the global experiences and practices in the context of Covid-19;
- To recommend the way forward for the improvement of MSMEs in Bangladesh in the current context.

2. Scope of Work:

- Review and analyze various documents, govt. policies and incentive packages;
- Analyze the scope of improvement for MSMEs in the pandemic;

- Review the challenges and barriers faced by the MSMEs during Covid-19 (access to finance, regulatory, marketing, export, R&D etc.);
- Analyze IT-based innovation to create future opportunities for SMEs in Bangladesh;
- Explore the ways/techniques those can help MSMEs to be linked more sustainable to value chains beyond national borders;
- Explore the measures which can help to sustain MSMEs in the course of the pandemic;
- Analyze the policy measures and the ways to implement these measures in the best way;
- Organize consultation meetings to collect information and validate the report in a validation workshop at the national level to get feedback on the findings;
- Review the policies & programs for the MSMEs of other countries (South Asian countries, ASEAN etc.);
- Apart from the scope mentioned here, the researchers can add their ideas/suggestions/recommendations for preparing the report.

3. Methodology & Task Specification:

- The consulting firm/consultant shall propose a detailed methodology and work plan of the study complying with the objectives;
- The study will be based on both quantitative and qualitative research approach. As per the scope of work, the information will be collected from secondary sources like reports/journals, websites and also from primary sources like Survey, KIIs, FGDs, consultation meetings etc.
- The consulting firm/consultant shall be responsible for conducting a primary survey. Representative number of samples should be taken considering geographical proximity and enterprise/industry concentration;
- At least ten (10) focus group discussions (FGDs) and at least 50 Key Informant Interviews (KIIs) shall be conducted with entrepreneurs of different sectors, local and national trade bodies/associations/chambers in eight administrative division of Bangladesh;
- A sound review of literature is to be conducted and presented;
- At least three (03) case studies of MSMEs shall be conducted (how SMEs tackle/cope-up with Covid-19 crisis);
- The consulting firm shall prepare sector wise evaluation of Covid-19 effect on SME sub-sectors (Leather & Leather Goods industry, Light Engineering Industry, Plastic Industry, Agro & Food processing Sector, Designer goods industry, Electricals & Electronics industry and Software industry etc.);
- The consulting firm/consultant shall also prepare region/zone wise comparison of Covid-19 effect on MSMEs;
- The consulting firm shall also analyze the effect of Covid-19 on women entrepreneurs;

- At least one of the team members must be present in the FGDs, consultation meetings and KIIs;
- The research team should follow the Industrial Policy-2016 for SME definition (if required);
- The research team shall also conduct desk research based on secondary information and identify any inconsistent regulations/policies that are impeding the growth of SMEs;
- The consulting firm shall propose a comprehensive work plan with every detail of field activities including but not limited to planned tasks, person-days, number of supervisors, enumerators for a specific locations, schedule, duration and so forth;
- Representatives from SME Foundation will be present in as many of the interviews and focus group discussion as the SMEF desires;
- The consulting firm shall propose a budget with every breakup details (segment wise);
- As per PPR 27(10), the consulting firm may have to submit performance security (3% - 5% of the total contract price).

4. Reporting Requirements:

- The written report is expected to respond to all the tasks identified in the ToR and follow the standard reporting format;
- The consulting firm shall submit the inception report including data collection plan so that SME Foundation can accommodate and be present in the surveys, FGDs and KIIs;
- The reports must be submitted to SMEF (hard copy and soft copy) at the stipulated timeframe;
- The consulting firm shall finalize the report by incorporating the opinion of SME Foundation.
- All sorts of coordination shall take place between the consulting firm's authorized representative and authorized official of SME Foundation (progress sharing, meeting with SMEF and workshop preparation);
- The consulting firm shall present the findings in a primary experience sharing meeting for reviewing the plan;
- Necessary amendments, updates, changes shall be done for the finalization of reports by the consulting firm/consultants in consultation with SME Foundation.

5. Payment: The payment will be made in four installments to the name of consulting firm/consultants. The installments are as follows:

- First instalment (10% of the contract price) to be paid upon acceptance of the inception report;

- Second instalment (25% of the contract price) to be paid upon acceptance of the midterm report;
- Third instalment (35% of the contract price) to be paid upon acceptance of the draft report and
- Final instalment (30% of the contract price) to be paid after acceptance of the final report;
- The consulting firm must propose price inclusive of Tax and VAT. All relevant taxes and VAT shall be deducted at source at the applicable rates by the Government of Bangladesh.

6. Declarations and Representations:

- By signing the contract, the consulting firm certifies that they are not in a situation of conflict of interest in relation to this contract;
- SME Foundation can check/verify the collected data. If any anomalies found, the consulting firm will have to address the issue;
- The deliverables that are produced as part of this contract will be the property of SME Foundation and it reserves the rights to use the deliverables;
- Confidentiality of every information that belongs to SME Foundation should be maintained strictly by the consulting firm/consultant at all times;
- SME Foundation shall reserve all rights for adding any dimension to the study;
- SME Foundation reserves the right to accept or reject any or all bids in part or in full without assigning any reason.

7. Team Composition:

- The research team shall be led by a Professor/Senior Researcher (PhD holders are preferred) to guide, monitor, evaluate and analyze the entire process;
- The team shall include member(s) having experience in working on the related field;
- The team must include at least one mid-level research fellows for report writing;
- At least three (03) full time officials shall be dedicated for the work related to the study including data collection, data processing and related preparation;
- Required number of enumerators should be engaged for field survey (if required);
- CVs of all team members must be submitted with proposal.

8. Time Frame (Tentative):

SL	Activity	Month					
		1	2	3	4	5	6
1.	Awarding the Task						
2.	Submission of Inception Report (including data collection plan)						
3.	Data Collection (Secondary materials, Survey, FGDs, KIIs)						

4.	Submission of Mid-term Report						
5.	Submission of Draft Report						
6.	Validation Workshop						
7.	Submission of Final report (by incorporating recommendations from validation workshop).						

9. Deliverables:

1. Inception report;
2. Mid-term report;
3. Draft Report;
4. Final report (Hard and soft copy);
5. All documents (list, filled in questionnaires, proceedings/minutes and attendance sheet of consultation meetings, KIIs/FGDs, data analysis sheet, survey database etc.).

10. Termination of the contract:

- SME Foundation reserves the right to terminate the contract without prior notice in case of failure to fulfill/complete the assignment satisfactorily.

11. Copyright:

- Copyright of the study report prepared by the consulting firm under this contract will be reserved by SME Foundation.
- Any part of the report cannot be shared, sold or reproduced in any manner without the prior written approval of SME Foundation.