



International
Labour
Organization

► **Terms of Reference**

Market Systems Assessment for Productivity
Ecosystems for Decent Work in Vietnam in
selected sectors

Other info

ILO Vietnam

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► 1. Background

The Productivity Ecosystems for Decent Work Programme (PE4DW), launched jointly by the SME unit of the ILO Enterprises Department and the Employment Policy Department, together with the Swiss State Secretariat for Economic Affairs (SECO) and the Norwegian Agency for Development Cooperation (NORAD), aims at addressing constraints to productivity growth and decent job creation. The Programme was launched in 2022 and will run until the end of 2025. It is being piloted in Ghana, South Africa and Viet Nam and implemented by the ILO Enterprises and Employment Departments.

The decade following the global financial crisis has witnessed consistent decline in productivity growth, a development that has been compounded by the Covid-19 pandemic. This trend is of particular concern to most emerging and developing economies. Here, the contribution of structural transformation (i.e. labour reallocation toward higher-productivity sectors as well as within-sector transformation) to productivity growth has slowed down and integration in global and regional value chains, which is key to boosting technology transfers, digitalization and improved management processes at enterprise level, is decreasing. The strong growth in services sectors in many emerging and developing countries has also led to increased divergence in productivity, especially in those countries where jobs are moving from agriculture directly to services, bypassing manufacturing. Rather than generating productive employment, this trend has expanded low-productivity informal jobs in the services sector while leaving low-productivity jobs in agriculture as the main provider of employment in developing countries.

Achieving a virtuous cycle between productivity growth, employment creation and the promotion of decent work is required if economic growth is to lead to poverty alleviation and prosperity. To create and strengthen this virtuous cycle, the ILO proposes the Productivity Ecosystems for Decent Work Programme. The Programme is built on the recognition that productivity growth is determined by a myriad of interfacing dynamics across policy, markets and enterprises. Furthermore, the virtuous cycle between productivity and decent work, where productivity growth leads to decent job creation and vice-versa, is not automatic.

Therefore, rather than using a “one size fits all” approach or intervening at a single level, the Programme will address productivity and decent work deficits across policy, sector and enterprise levels for win-win solutions that improve productivity and that ensure, through social dialogue and workplace cooperation, that gains from productivity growth and decent work are distributed equitably. For this purpose, the Programme has selected a “slice” of the local productivity ecosystem, i.e., 2 sectors and associated segments of the overall ecosystem in which the potential for productivity growth and decent job creation are aligned with feasibility to intervene. In the selected sectors, an in-depth market systems assessment will elucidate the root causes of low productivity and decent work deficits as well as identify opportunities for the Programme to strengthen productivity and decent job creation in the sector.

In Vietnam the productivity agenda has high priority for the Government, where the national productivity programme (Nb 712) was declared almost 10 years ago, and extended in Aug 2020 by the decision of Prime Minister (Nb. 1322) for 2020-2030. A separate national productivity programme on science and technology was developed in 2021 (Nb. 36). However, despite this declared political will to promote productivity growth, the results of policies remain unclear for

variety of reasons; among them lack of tangible incentives for firms and workers, but essentially there is a need for precise design and detailed plan on how to achieve the productivity goal. The ILO's PE4DW programme therefore aims to engage stakeholders into testing and piloting approaches at all 3 layers of intervention (enterprise, sector, and national level), and generating evidences on promoting more productivity in 2 sub-sectors of the economy for effective policy making for Government and social partners in Vietnam.

In the framework of the project inception phase, a sector selection study is currently underway to identify 2 subsectors in Vietnam for PE4DW to focus on and to test the planned approaches. The results of the sector selection will be known early August 2022.

The current assignment aims at detailing the specific types of intervention activities that PE4DW will implement based on the root causes of underperformance of market systems in each of the selected sectors in Vietnam. *Market systems development* is a widely recognized approach by development practitioners and ultimately aspires at achieving lasting change by intervening in market systems through coherent, systemic, and rigorous approach¹.

The assignment is expected to require tentatively 25 days of full-time expert work per one sub-sector to be delivered by individual consultant or team of national and international consultants.

► 2. Objectives and tasks

Objectives

The **overall objective** of this assignment is to undertake *market systems analysis* (MSA) in 1 sub-sector for project implementation in Vietnam. Using MSA methodology, a detailed analysis of key constraints and their root causes in the sub-sector will explain barriers to productivity growth and decent job creation along the value chain (sourcing, production, processing, exporting) as well as supporting functions including infrastructure issues. Closer review of key stakeholders and their interest and willingness to drive lasting change will be undertaken.

Finally, the assignment will identify opportunities for sustainable and scalable impact on the productivity ecosystem relevant to the sub-sector.

The prioritised subsector on which the assessment will focus will be communicated after the sector selection study is completed. Preliminarily, 1 out of the following sectors will be the focus for the assignment: electronics, machinery & equipment manufacturing, garments & textile, wood processing, shoes& leather products, tourism, beverages and food processing, agro-processing including seafood processing. The assignment will include both review of available studies and reports on the selected sector and to a larger extent will require primary qualitative data collection through interviews and focus groups with stakeholders and potential participants and beneficiaries of the project.

The specific objectives set in these terms of reference are the following:

¹ <https://beamexchange.org/tools/167/>

1. **MSA assessment of the sub-sector:** produce a technical note with MSA analysis for the sub-sector including review of functioning of market systems, identification of constraints, mapping of core and supportive market functions, analysis of root causes of the existing underperformance, etc.
2. **Identification of changes needed to respond to regulatory constraints and gaps in support functions:** the MSA will review the key constraints in the rules and regulations that govern the sub-sector (eg. from tax regulations to ease of business registration, social dialogue deficits, etc.). As a result a set of needed changes will be identified to improve the regulatory framework and to strengthen the performance of supporting institutions.
3. **Designing solutions:** recommend to the project a specific set of various types of project interventions that are implementable and impactful in the timeline of 2-3 years to address the root causes of the underperformance in the market systems including regulatory areas.

Tasks

Considering the above mentioned specific objectives, the assignment will include the following tasks²:

1. **MSA assessment of the sub-sector:** The analysis will focus on the accomplishment of the following indicative, but not exclusive lists of tasks:
 - Jointly with PE4DW team to identify the **scope** of the sub-sector for MSA analysis through identification of specific products/crops/value chains in the target sub-sector. Some of the sub-sectors might be quite large and additional focus will be required on the areas where the potential to implement the interventions is high, and productivity can be enhanced in all layers of implementation (from enterprise level to national policy-making).
 - Review available documents, reports, studies, and available secondary data, and present the market overview, including the structure, current and forecasted future trends, changes in production volumes and etc, shifts in supply and demand based on the available national and international data. The PE4DW does not have a specific target group, however, it is important to review the decent work deficits in the sub-sector based on employment opportunities, earnings, social security, and social dialogue.
 - Collect insights from market actors through interviews, focus groups or other methods on the functioning of the market-systems and run analysis of underlying constraints. Questionnaire needs to be agreed with ILO.
 - For visual display it is useful to build the market systems diagram (“donuts” or other) for each identified focus of PE4DW in the sub-sector. Outline market actors and present core market functions and supporting roles. Move beyond description of market actors to identification of key constraints to their proper functioning and

² Operational Guide for the M4P Approach by the Springfield Centre <https://beamexchange.org/tools/167/>

ILO Market Systems Analysis for Decent Work: a user friendly guide https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_744249.pdf

ILO Value Chain Development for Decent Work https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_434362.pdf

possible underlying causes by asking why questions. It is critical to understand why the market is not functioning well and why regular market forces are not already addressing the constraints.

- Many underlying causes will originate in the failing supporting functions. Explain in detail how each supporting constraint limits the functioning of the market due to specific underlying causes. Constraints related to rules and regulations will need to be presented in the next Task 2.
- Review how market systems are currently impacting productivity and job creation outcomes. What is happening to labour productivity, capital productivity, and total factor (knowledge) productivity in the sectors based on the interviews with market actors?
- Mapping stakeholders and completing Skill&Will matrix (refer for samples in the referenced Operational Guide for MSD on page 1) for core market actors, and produce conclusions. This focuses on the ability of stakeholders to partner with PE4DW.
- Map areas of concern in the supportive roles in the market systems relevant to regulatory environment. More detailed look at the regulatory issues will be paid under the Task 2 below.
- investigate the current impact of the market systems on inclusivity and gender dimensions (earnings, representation, roles, types of employment, access to resources). How the current constraints might be differently affecting women and men?

2. **Regulatory constraints and the changes needed:** Many challenges related to productivity root back to the regulatory environment. Often the root causes are not the regulations as per se (in fact they might be quite favourable on paper), but the implementation of these regulations, the process of enforcement of the regulations and policies, and the capacity of regulatory institutions to ensure the implementation of the rules. Review all constraints related to rules and regulations and explain how they limit the functioning of markets and contribute to poor productivity. Are there regulations that limit expansion of employment opportunities and increase of labour productivity? Underfunded public services, high duties, etc. might limit growth of productivity and expand the decent work deficit. The tasks will focus on the following:

- Identification of the issues at sectoral and national level that limit growth of labour productivity in the target sub-sector and what needs to change to overcome them?
- Provide recommendations regarding the feasibility of introducing the changes and achieving the impact in the project horizon of 2-3 years.
- Integrate sectoral and national level stakeholders into the Skills&Will matrix under Task 1.

3. **Design solutions for the subsector:** based on the results of MSA in the sub-sector, the tasks under this objective will focus on providing a detailed practical and action-oriented set of recommendations to the project on how to address the root causes.

- The recommendations should include the listing of intervention areas that are feasible for the PE4DW project to implement and get results in the timeline of 2-3 years.
- The intervention areas should address the root causes of the underperformance in the market systems, recommended steps to take, including the advice on the implementation of changes in the regulatory areas.
- The potential and role of market actors and stakeholders who can drive the needed changes.
- In case of recommendations that go beyond the timeline of 2-3 years, but are critical for successful functioning of market systems and for scalable impact on productivity, they can be included and clearly marked as long-term actions. These might be beyond the timeline of the PE4DW project, but still important to know at present as a basis for future longer-term initiatives.
- Analysis of risks associated with each proposed intervention. Consider differentiation of interventions as “quick wins” vs “big wins” and if the latter requires more resources and time, but ultimately creates stronger impact.

► 3. Deliverables and timeline

The **final report** will include tentatively 25 pages, but no more than 50 pages of total technical content, including annexes. The indicative start date of the assignment is 15 days after the due date for applications. The detailed listing of deliverables is provided in the table below:

Deliverable	Deadline
Draft MSA analysis for the sub-sector	30 days after the start of the assignment
Power Point slides	40 days since the start of the assignment
Presentation of findings at the PE4DW Stakeholder Workshop	to be informed additionally
Final MSA report on the target sub-sector	60 days after the start of the assignment

ILO will review all deliverables and provide feedback on whether the deliverables are in line with expectations. All deliverables should be in English.

► 4. Financial arrangements

The contractor is expected to propose the total value and cost break down for the work above.

Deliverable	Payment terms
1. Draft MSA report approved by ILO	40% of total contract amount
2. Presentation delivered at the Stakeholder workshop: comments integrated back into the technical report and approved by ILO	30% of total contract amount
3. Final report approved by ILO	30% of total contract amount

► 5. Application process

The consultant (-s)/team of consultants are requested to submit the following:

1. Proposal (maximum 3 pages) that includes:
 - Short outline of the technical approach to achieve goals of the TOR;
 - Brief workplan and timeline (Gant chart or other) for the assignment;
 - Consultants' / company experience and skills relevant to the assignment;
 - Costs: Estimated number of days, daily rate and other costs.
2. Sample of previous work, preferably related to the focus of this consultancy
3. Up-to-date Curriculum Vitae (CV) (with references) of consultants in the team

The documentation indicated above should be sent in English in electronic format to **Mai Nguyen Thi Hong, International Labour Organization (main@ilo.org) by August 14, 2022, midnight Hanoi time zone (GMT+7).**

All proposals will be evaluated on the following criteria:

- i. Quality of technical proposal
- ii. Cost proposal
- iii. Proposed timeline
- iv. Qualifications of proposed staff

Qualification requirements:

The consultant (-s) should have at least 7 years of working experience related to market systems analysis and value chain development, as well as familiarity with qualitative data analysis. Strong writing skills in English is a requirement and spoken Vietnamese is an advantage (can be represented by national expert).

The chosen consultant will be notified one week after the end of the submission deadline.

Unsuccessful applicants will be added to a consultant roster and might receive future calls for expressions of interests (please indicate if you do not wish to receive these).