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**TERMS OF REFERENCE (ToR)**  
**FEASIBILITY STUDY ON MEASURING THE UPTAKE AND IMPACT OF DUE DILIGENCE IN THE GARMENT & FOOTWEAR SECTOR SUPPLY CHAIN**

## **I. Background**

### **About the OECD's work on Responsible Business Conduct**

The [OECD](#)'s mission – Better Policies for Better Lives – promotes policies that will improve the economic and social well-being of people around the world. It provides a unique forum in which governments work together to share experiences on what drives economic, social and environmental change, seeking solutions to common problems.

A growing field of work in the [Investment Division](#) is on Responsible Business Conduct (corporate social responsibility), based on the OECD [Guidelines for Multinational Enterprises](#). The Guidelines are far-reaching recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

The OECD Guidelines call on businesses to conduct due diligence on their operations and throughout their supply chains to identify, prevent and mitigate actual or potential adverse impacts in relation to matters covered by the Guidelines. The OECD develops through multi-stakeholder negotiation sector-specific technical due diligence Guidance for companies on how to meet expectations under the OECD Guidelines. The OECD has developed guidance for the minerals, extractives, agriculture, garment and footwear and financial sectors to date.

### **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector**

The OECD launched the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)<sup>1</sup> (the “OECD Garment and Footwear Guidance”) in 2017. The OECD Garment and Footwear Guidance sets a common framework to help companies carry out supply chain due diligence - to identify, prevent, mitigate and address adverse impacts in their own operations and their supply chain. It has been approved by 48 governments and endorsed by business, trade unions and civil society and seeks to be aligned with the United Nations (UN) Guiding Principles on Business and Human Rights in relation to human rights due diligence.

The OECD Garment and Footwear Guidance establishes a six-step framework<sup>2</sup> for identifying and addressing risks in a company's supply chain. It includes targeted recommendations for applying this framework across 11 issues common to the sector including child labour, forced labour, sexual harassment, engagement with trade unions, wages, occupational health and safety, hazardous chemicals, water, greenhouse gas emissions, bribery and corruption and responsible sourcing from homeworkers. The OECD Garment and Footwear Guidance likewise incorporates a gender lens to applying due diligence. Throughout the due diligence process, the OECD Garment and Footwear Guidance supports

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<sup>1</sup> <http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm>

<sup>2</sup> This paper uses the term “steps” to delineate the phases of the due diligence process. It is important to note that due diligence is not a linear process, but rather interactive and reactive.

due diligence that is preventative, integrated into decision making processes, risk-based, dynamic, informed by meaningful engagement with stakeholders, is appropriate to the circumstances of the company and involves ongoing communication.

## II. Objectives of the study & key research questions

The objective of the feasibility study (the study) and these ToR is to identify and analyse a range of methodologies by which the OECD could potentially measure the uptake and the outcomes of labour, human rights, environmental and integrity due diligence by businesses operating within the garment and footwear sector supply chain. The audience of this study is primarily the OECD Secretariat. Where relevant, findings or recommendations may also be directed towards OECD governments and key governments for the garment and footwear sector and supply chain and actors along the supply chain.

Within this context, the study will seek to understand the following:

**Topic 1:** The feasibility of measuring and monitoring the **uptake** of labour, human rights, environmental and integrity due diligence as defined by the OECD Garment and Footwear Guidance.

**Topic 2:** The feasibility of evaluating **what incentivises** the uptake of labour, human rights, environmental and integrity due diligence (i.e. what are the drivers of uptake?);

**Topic 3:** The feasibility of measuring the contribution of due diligence practices to environmental, labour, human rights and integrity **outcomes**.

The feasibility study will likewise seek to identify and analyse the following:

- Stakeholder perspectives on what should be evaluated by the OECD under each of the three topics.
- Two – three methodologies that could potentially be used for each topic and the strengths and limitations of each, including the trade-offs in terms of cost, time and robustness of monitoring.
- The data sets that would be required to carry out the relevant measurement and monitoring under each topic and existing information – both public and privately held – that could be leveraged.
- The recommended frequency of monitoring (e.g. one time only; annually, etc.)

Table 1 in Annex I includes additional research questions under each of the three research topics.

## III. Scope of work and key deliverables

The primary deliverable under these ToR is a report, expected to be around 30-40 pages in length. The expected stages for the preparation of the feasibility study are listed below:

- Stage 1 - Research plan
- Stage 2 - Preliminary consultation via interviews
- Stage 3 - Desktop review & selection of methodology
- Stage 4 - Secondary consultation via interviews
- Stage 5 - Report drafting & consultation

Expected activities, supporting deliverables and the indicative timeline are outlined in Table 2 in Annex I.

#### IV. Governance Structure

While the consultant will be responsible for delivering all activities under these ToR, the OECD Secretariat will play an active role in supporting the project in the following way:

- Providing inputs into the list of proposed interviewees and participants in the consultation;
- Providing feedback on questions for interviewees;
- Shadowing or leading select interviews.
- Full organisation of the consultation (e.g. room bookings, registration, coffee, etc.)
- Support the moderation of the consultation (as appropriate)
- Review drafts and provide substantive feedback.

#### V. Minimum requirements for Bidders

An offer may be made either by an individual or organisation (company, research institution, etc.). However, it is ideally suited for one or two primary researchers responding to the minimum requirements described below:

- Have a demonstrated 7+ years expertise in impact measurement within a relevant field (e.g. economics, international development, public policy, business, etc.)
- Have a strong understanding of supply chain due diligence;
- Have strong experience analysing and drafting research and interviewing stakeholders (e.g. business, trade unions, civil society and government)
- Have 3+ years of project management experience

It is recommended that the consultant:

- Have relevant knowledge and expertise of the garment and footwear sector;
- Be familiar with the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

#### VI. Responding to the Market Consultation

**Update: Extended time for market consultation to 18 June, 23:59 Paris time.**

To participate in this market consultation, interested bidders are requested to provide a technical offer (the technical offer includes the concept note, CV(s) and written sample) and budget proposal in two separate documents by **18 June 2019, 23:59 Paris time** by email to Avra ZACHARIOU, [Avra.ZACHARIOU@oecd.org](mailto:Avra.ZACHARIOU@oecd.org), copying Jennifer SCHAPPERT, [Jennifer.Schappert@oecd.org](mailto:Jennifer.Schappert@oecd.org). The technical proposal shall not mention any information regarding the financial proposal.

The proposal should include:

**A concept note** of five to seven pages including the following sections:

- The key methodological considerations of the project building on the description of the feasibility study under these ToR (See Annex Table 1 and Table 2). This sections may include, for example: additional questions to be addressed through the desktop review and interviews of stakeholders; a selection of research methodologies that may be considered under Stage 3 of the project; key assumptions and considerations when developing the findings of the study.
- A description of the governance of the project, including the roles and responsibilities of each member of the consultant’s team and the expected input of the OECD Secretariat;
- Relevant background information on the consultant that demonstrates the consultant’s ability to carry out the research and expertise in impact measurement and supply chain due diligence.
- A high-level workplan indicating the consultant’s proposed timing for each stage of the project (see Annex, Table 2);

**The CV of the key elements of the proposed consultant’s team**, highlighting the following aspects:

- Relevant professional qualifications and work experience related to the minimum requirements indicated in chapter V, and
- Any additional qualification;

**A 3-10 page written sample which demonstrates the consultant’s drafting and analysis capabilities.**

- The subject of the sample should be relevant to the topic of impact measurement or supply chain due diligence, but does not have to directly relate to the subject matter of the feasibility study.

**A budget proposal** providing the cost to carry out the services and provide the deliverables described above. The candidate is expected to submit a financial proposal using the template below:

The proposal should include:

- A lump sum for the execution of the work, excluding travel fees;
- A detailed fee for the activities under each project stage
- An indication of the daily rate of each member of the consultant’s team

<b>Lump sum for execution of the described activities</b>			
<b>ACTIVITIES</b>		<b>Number of days</b>	<b>Total in €</b>
Project stage 1	Kick-off and Research Plan		
Project stage 2	Preliminary consultation via interviews (~20 interviews)		

Project stage 3	Desktop review & selection of methodology		
Project stage 4	Secondary consultation via interviews (~15 interviews)		
Project stage 5	Report writing & consultation		
<b>TOTAL</b>			

<b>PROJECT TEAM</b>				
<b>Name</b>	<b>Profile type (manager, senior, junior)</b>	<b>Daily rate</b>	<b># of days/staff</b>	<b>Total in €</b>

## VII. Evaluation Criteria

The OECD Secretariat will conduct an initial review of all submissions. The OECD Secretariat may follow-up with questions and an interview with a short-list of bidders.

The following criteria will be used for the selection of the best bidder:

- 50%: Appropriate research skill, project management experience and experience engaging with stakeholders demonstrated through the CV and concept note;
- 25%: Have a strong understanding of supply chain due diligence as demonstrated through the concept note; Relevant understanding of the garment and footwear sector will also factor into this weighting but is not a minimum requirement.
- 25%: Financial proposal

## VIII. Additional items

### Language

The outline, drafts and report will be written in English. Any translation or interpretation services for the purpose of consultation meetings or interviews will be arranged directly by the OECD and do not come under these ToR.

### Travel

Any travel required under these ToR will be expensed separately by the OECD and so should not be included within this budget. This includes the consultant's travel for the purpose of meetings with the

OECD Secretariat and consultations, as well as the travel of stakeholders that may require travel expenses, to be agreed on a case by case basis by the OECD.

**Event management and costs**

The OECD will coordinate venue booking and hospitality organisation and costs for events (eg. consultations) foreseen as part of this project. The consultant should only budget their associated time for attending events.

**Publication**

The final report will be published by the OECD and final editing, translation or publishing work does not come under the scope of this project.

**Intellectual Property**

Any intellectual product that results from this contract shall be the property of the OECD.

**Background reading**

- OECD [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, 2017](#)
- OECD [Guidelines for Multinational Enterprises](#), OECD, 2011
- OECD [Due Diligence Guidance for Responsible Business Conduct](#), OECD, 2018

**Table. 1 Example research questions under the study**

<p><b>Research Topic 1</b></p>	<p>The feasibility of measuring and monitoring the <b>uptake</b> of labour, human rights, environmental and integrity due diligence as defined by the OECD Garment &amp; Footwear Guidance.</p> <p>For which due diligence practices would monitoring provide a benefit in terms of supporting capacity building and policy development? (I.e. Which due diligence practices <i>should</i> the OECD or OECD member governments monitor over time?)</p> <p>Which due diligence practices could the OECD monitor over time? (I.e. What is feasible and practical to monitor, taking into account resource and time implications?)</p> <p>What methodologies could be applied (e.g. 2-3 examples) to measure the uptake of due diligence.</p> <p>For each methodology, what data would be necessary? Of this data, what currently exists and is available?</p> <p>E.g. What is the scope and quality of existing benchmarks?</p> <p>E.g. What information is being collected by Multi-stakeholder initiatives, industry associations, etc.?</p> <p>E.g. What information can be gleaned in 1<sup>st</sup> party public reporting? (E.g. Sustainability reports, websites, blogs, etc.)</p> <p>And, where do gaps in data/information exist?</p> <p>In light of the above, what could be the scope of each possible methodology and the corresponding strengths and limitations of each?</p>
<p><b>Research Topic 2</b></p>	<p><b>Topic 2:</b> The feasibility of evaluating <b>what incentivises</b> the uptake of labour, human rights, environmental and integrity due diligence as defined by the Garment &amp; Footwear Guidance;</p> <p>What are the potential drivers of due diligence that should be evaluated (e.g. legislation, benchmarks, advocacy pressure, multi-stakeholder initiatives)?</p>

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What methodologies could be applied (e.g. 2-3 examples) to measure the incentives of due diligence?

For each methodology, what data would be necessary? Of this data, is any data available? How could necessary data be collected (e.g. annual survey, interviews, etc.)?

In light of the above, what could be the scope of each possible methodology and the corresponding strengths and limitations of each?

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**Research Topic 3**

**Topic 3:** The feasibility of measuring the contribution of due diligence practices to environmental, labour, human rights and integrity **outcomes**.

What are the perspectives of governments, business, trade unions and civil society in terms of the outcomes that the OECD should seek to measure? Note that the OECD will help to scope the stakeholders to be consulted.

What is already being measured and monitored in terms of the outcomes of company due diligence? What is the scope of these studies?

In relation to the above, what indicators and methodologies are already being used to measure impact (e.g. by academia, governments, development agencies, companies, etc.) from which the OECD could draw?

For each methodology, what data would be necessary? Is any of this data already available?

For each methodology, what is the level of association or conceptual link (e.g. correlation, contribution attribution etc.) that can be determined from inputs of due diligence to outcomes on people and the environment?

What statistical techniques are available to increase the level of association? What are the factors that need to be controlled or accounted for?

What is the potential role of stakeholders, including trade unions, civil society, government and business in providing necessary data in order to assess impact?

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**Table 2. Expected activities, deliverables and timeline of the feasibility study**

<b>Project Stage</b>	<b>Example sub-activities</b>	<b>Deliverable(s)</b>	<b>Indicative timeline</b>
Stage 1 - Research plan	<p>Kick-of phone call or in-person meeting (1-2 hours)</p> <p>Define the:</p> <p>Scope of the research and finalise relevant research questions;</p> <p>Methodology of the research (e.g. Extent of desktop research; # and type of interviews; in-person consultation)</p> <p>Workplan</p> <p>Outline (i.e. headings) of the final report</p>	<p><b>Research plan</b></p> <p>(Expected to be ~5 pages)</p>	July 2019
Stage 2 - Preliminary consultation via interviews	<p>Conduct ~20 interviews to seek feedback on:</p> <p>For which due diligence practices would monitoring provide a benefit in terms of supporting capacity building and policy development?</p> <p>What are the potential drivers of due diligence that should be evaluated (e.g. legislation, benchmarks, advocacy pressure, multi-stakeholder initiatives)?</p>	<p><b>Documentation for the interviews</b></p> <p>List of proposed interviewees</p> <p>Questions for interviewees</p> <p>Interview notes (1-2 pages per interview)</p> <p>Summary note (e.g. 3-5 pages or PowerPoint) on findings &amp; final scoping of the feasibility study</p>	July 2019

	<p>What is the scope of the indicators that should be used to measure impact (e.g. change in wages, governance environment)?</p> <p>Refine the scope of the feasibility study based on above findings and develop a summary note.</p>		
Stage 3 - Desktop review & selection of methodology	<p>Review of existing methodologies relevant to each research question, including known strengths and limitations;</p> <p>Final selection of 2-3 methodologies to be used in the feasibility study</p> <p>Mapping and review of existing due diligence benchmarks &amp; indicators (within scope);</p> <p>Review of existing available information via company reporting and other publicly available information;</p>	<p><b>Summary note:</b></p> <p>Brief description of selected methodologies and known strengths and limitations of each;</p> <p>Description of necessary data under each methodology;</p> <p>Initial mapping of available data and data limitations</p>	August 2019
Stage 4 - Secondary consultation via interviews	<p>Carry out ~10-15 interviews to:</p> <p>Identify any additional data not currently publicly available which could be leveraged;</p> <p>Discuss the plausibility of accessing existing data sets (e.g. held by governments, multi-stakeholder initiatives, etc.)</p>	<p><b>Documentation for the interviews</b></p> <p>List of proposed interviewees*</p> <p>Questions for interviewees</p> <p>Summary notes from interviews</p>	<p>September 2019</p> <p>(e.g. first half of September)</p>
Stage 5 – Report drafting & consultation <i>5.1 Draft Report</i>	<p>Draft 1 report detailing findings of the feasibility study &amp; recommendations</p>	<p><b>Draft 1 report</b></p> <p>(~30-40 pages – excluding annexes)</p>	<p>September 2019</p> <p>(e.g. end of September)</p>
<i>5.2 Consultation</i>	<p>In-person consultation with 30-40 people on the findings of the report. The purpose of the consultation is to:</p> <p>Test the findings with stakeholders;</p>	<p><b>Documentation for the consultation</b></p> <p>List of proposed participants*</p> <p>Questions for discussion</p>	October 2019

	Seek feedback on the recommendations	PowerPoint during the consultation Summary note on findings	
<i>5.3 Draft 2 report</i>	Draft 2 Report will include any comments from the OECD Secretariat and relevant information gleaned from the consultation.	<b>Draft 2 report</b>	November 2019
<i>5.4 Final report</i>	The Final report will incorporate the final comments from draft 5.3 of the OECD Secretariat.	<b>Final report</b>	December 2019