

ILO CALL FOR PROPOSALS

Local business development service provider or micro-finance institution to support selected SMEs with grant schemes as part of the programme, “Supporting Business Continuity, Resilience and Decent Job Retention in Lebanese SMEs in the Agriculture and Agro-food Sectors”

I. Background

In response to large mixed migration movements and refugee crises across the world, the Government of the Netherlands has launched a new Partnership entitled “Improved Prospects for Forcibly Displaced Persons and Host Communities” or “PROSPECTS” bringing together the ILO, UNICEF, UNHCR, WB, and IFC to jointly focus on nexuses between education, protection and employment. Implemented in eight countries, namely, Lebanon, Jordan, Iraq, Egypt, Sudan, Ethiopia, Kenya and Uganda, PROSPECTS aims to help transform the way governments and other stakeholders, including the private sector, respond to forced displacement crises.

Moreover, the ILO, with funding from Germany through KfW Development Bank, is implementing the Lebanon Employment Intensive Infrastructure Programme (EIIP) as part of its response to the Syrian refugee crisis to create decent jobs for vulnerable Lebanese host community members and Syrian refugees and ease the strain on local infrastructure. The COVID-19 outbreak in combination with the economic crisis has however affected the project and new priorities are emerging. ILO and the donor have agreed to re-direct some of the available funding towards supporting the critical agro-food and agriculture sectors.

Within the framework of PROSPECTS and EIIP in Lebanon, the ultimate objective of ILO’s intervention is promote access for Syrian refugees and vulnerable host communities to decent work opportunities (rights to work); and to ensure workers from both communities have safe working conditions and social protection (rights at work), in line with international labour standards.

II. Context

The ILO, in collaboration with the other partners, will ensure enhanced economic opportunities and decent employment for vulnerable Lebanese host communities and Syrian refugees, with a focus on sectors with potential for growth, and job retention and creation. The situation analysis has highlighted pre-existing labour market and decent work challenges in Lebanon manifested in high unemployment particularly amongst women and youth, rising informality and poor working conditions that have been exacerbated further by the influx of Syrian refugees. Moreover, the situation analysis presented a bleak picture for employment and livelihoods creation primarily for Lebanese host communities but also for Syrian refugees amidst political instability and a deeply entrenched economic and financial crisis.

Against this backdrop, ILO seeks to identify sectors with some potential for growth, retention of jobs, and possibly creation of new ones. One prominent sector where the partnership will seek to work in is the agriculture/agro-food sector. At the operational level, the partnership identified closure of businesses, especially SMEs as a major challenge currently facing the Lebanese economy, as this has already resulted in significant job losses. According to a rapid survey undertaken by InfoPro, it is estimated that more than 550,000 jobs have been temporarily or permanently lost since October 2019. In addition, about a third of firms have “temporarily” reduced their employees’ salaries– by an estimated 40% on average. One third of companies reduced their workforce by 60% on average and

18% have ceased or suspended their operations. The ILO has recently conducted a rapid assessment of the impact of COVID-19 on vulnerable workers and small-scale enterprises.¹ On a sample of 1987 vulnerable Lebanese and Syrian workers and 363 small-scale enterprises, 84% of workers have been temporarily or permanently laid off during the lockdown period and 94% of workers have seen their wages drop significantly. As for small-scale businesses, 50% have temporarily stopped their operations, 40% have been operating with reduced working hours, and more than 50% have witnessed revenue losses.

With the COVID-19 pandemic and the resulting lockdown measures in Lebanon, these figures are expected to have increased significantly, resulting in huge numbers of workers facing loss, suspension or reduction of earnings. Moreover, the sharp contraction in the global economy that is expected to result from the negative impact of the pandemic on global demand and supply will put jobs at risk and further dampen prospects for decent employment creation in Lebanon, not only in the short run but also in the medium run, in the aftermath of the health crisis. In this context, the challenge now is to explore ways to support the existing SMEs in order to be able to maintain their business operations, access finance, remain competitive, and retain their employees.

III. Overall Scope of the Intervention

In response to the multiples crises that SMEs are facing in Lebanon, i.e. the COVID-19 pandemic, the financial crisis and the repercussions of the recent Beirut explosion, the ILO is currently implementing a programme to promote business continuity, resilience and decent job retention in SMEs operating in the agriculture and agro-food sectors, and employing vulnerable Lebanese and Syrian refugee workers.

Through a number of training/coaching interventions, the programme aims to tackle business continuity and resilience planning, financial management, reskilling of workers, productivity and working conditions, and occupational safety and health. A main component of the intervention is to provide financial assistance to the selected SMEs in the form of grants to cover workers' wages for job retention, other operational costs and potential investment opportunities that may appear as a result of the technical assistance provided.

The training/coaching intervention is based on ILO's methodologies on business continuity management, business resilience and productivity enhancement and OSH but will be unique in the provision of tailor-made support for the participating enterprises to develop and implement business continuity plans, build resilience and retain workers' jobs, including those of Syrian refugees. The intervention approach is centred on the promotion of work floor cooperation and the participation and inclusion of workers in a process of business continuity management, oriented to both economic and social objectives, including social cohesion and the acceptance of Syrian workers.

To date, 15 SMEs operating in the agriculture and agro-food sectors in Beqaa, Akkar and North-Lebanon have been assessed and selected to be part of the business continuity, resilience and job retention programme in Lebanon. In addition, five business consultants were selected and introduced to the programme to assist the ILO in the delivery of training and coaching of SMEs on business

¹ https://www.ilo.org/beirut/publications/WCMS_747070/lang--en/index.htm

continuity, resilience and job retention as well as demand-driven technical areas such as business management and planning, digital marketing, finance, HR, Decent Work and OSH.

IV. Objective of the assignment and specific tasks

To complement technical assistance activities implemented by ILO to support SMEs on business continuity, resilience and decent job retention, a grant component was designed to financially assist SMEs to sustain their operations and retain their workforce. Depending on an in-depth enterprise level assessment, grant provision could include support to SME workers' wages and benefits, opening to new local and international markets, investment in new machinery and equipment, reskilling of workers, implementation of COVID-19 related OSH measures, and improving HR practices according to decent work standards.

The ILO has conducted a rapid assessment of the 15 participating SMEs that identified weaknesses and opportunities related to business continuity, resilience and job retention. ILO will add 5 SMEs, so the total scope for this assignment will include 20 SMEs. Results showed that the majority of the interviewed SMEs have witnessed reduced sales and profits, reduced or suspended operations, reduced workers' salaries and working hours and reduction or dismissal of workers. Further assessment would need to be done to evaluate specific financial needs of SME owners and workers to cope with the impact of COVID-19 and multiples crises that Lebanon is facing.

The ILO is seeking a local non-profit organisation, BDS provider or micro-finance institution (MFI), with experience in designing and providing financial business development services (BDS) support, specifically grant schemes targeting SMEs in the agriculture and the agro-food sectors. In coordination with the ILO and the five business consultants, the local partner is expected to:

- Based on the initial assessment conducted by ILO and additional information provided by ILO business consultants, conduct a rapid assessment to identify financial needs of SME owners and workers to ensure business continuity and decent job retention.
- Review business/action plans submitted by SMEs to benefit from the grant scheme and identify with SME owners priority areas to be covered by grants that would allow for sustainability of business operations, job retention and potentially business expansion and job creation.
- Conduct a rapid assessment to identify the number of workers, seasonal and permanent, Lebanese and Syrian refugees, in need of wage support and implementation modality of wage support scheme as part of the overall grant scheme.
- Design, in consultation with the ILO, and implement a grant scheme (including wage support and provision of PPEs and COVID-19 measures) to financially assist the 20 selected SMEs on business continuity and decent job retention. The grant scheme should be linked to the technical assistance activities currently underway, recommendations issued from training/coaching activities and payments should be processed against achievements and milestones.
- Design, in consultation with the ILO, and implement a grant scheme tracking/monitoring tool to ensure proper implementation of financial BDS activities and specifically that wage support is provided in a transparent and effective manner.

- Submit a report outlining the grant scheme including wage support and linkages to technical assistance and including tracking and monitoring tools to ensure grants are spent as intended.
- Submit documentation and records related to business operations covered by the grant scheme and specifically wage support scheme such as supported workers, salaries provided, contracts, hours worked, purchases and procurements, and consultancy and research costs.
- Submit monthly reports to the ILO to reflect progress and results of key outputs including the (i) rapid financial assessment, (ii) recommended priority areas of support by company, and (iii) recommendations for wage support. Monthly Reports shall provide comprehensive update on the grant scheme implementation, challenges faced and solutions proposed.

The allocated budget for this intervention is USD250,000. This includes USD200,000 of cash grant support, on average USD 10,000 per company though this may vary depending on the needs. Of the grant support, at least USD 125,000 should be earmarked for direct wage support.

General wage support considerations:

- Each beneficiary will be supported 40 days @ LBP 50,000 = 2 million LBP – this may be provided as a top up, a part or as the sole salary for the beneficiary, depending on the assessment results for each company.
- Employees should either be paid in cash, by bank transfer or through financial institution e.g. OMT, Cash United, Libanpost.
- Records of beneficiaries of the wage support scheme should be provided within the tracking/monitoring tool, in addition to supporting documentation including:
 - Daily time sheets and monthly working records signed by worker and employer
 - Identification document of the workers
 - Copy of contract between the 2 parties
 - Signed payroll document
- Decent work and social safeguard frameworks of the ILO must be applied especially in the wage support component.
- Anyone receiving financial support through this contract must be vetted by the Implementing Partner against sanction lists that will be provided by the ILO once contract is awarded.

V. Place of Work

The intervention will mainly cover North-Lebanon, Akkar and Beqaa. All the transportation and any other costs for the meetings across the various governorates will be at the contractor's expense. Related costs must be included in the financial offer.

VI. Deliverables, Timeframe

The duration of the project is 6 months from December 15, 2020 to June 15, 2021.

Deliverables	Indicative Deadline
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Documentation and records related to business operations covered by the grant scheme	Throughout contract
Monthly reports to the ILO to reflect progress of the grant scheme implementation, challenges faced and solutions proposed. Status of wage support, i.e. number and details of beneficiaries and how much has been paid to date. Assessment reports, i.e. rapid financial assessment and wage support assessment Report on the grant scheme and tracking/monitoring tool Financial reports upon payment requests	Monthly and throughout contract
Final technical report completed and submitted to the ILO satisfaction	End of Contract

All payments will be processed upon submission and approval the deliverables by the ILO.

VII. Administrative Arrangements

All activities within the scope of this Terms of Reference will be carried out under the overall supervision of the EIIP Lebanon Chief Technical Adviser and SME Technical Officer of the ILO Regional Office for Arab States in Beirut.

Deliverables shall be submitted in line with the requirements explained in this TOR within the deadlines. The deliverables are subject to the approval of the ILO.

The Supplier is responsible for informing the ILO Regional Office for Arab States in Beirut in advance in case of any unforeseen delays or changes.

All the fees for equipment, travelling, etc. are at the supplier's own cost and shall be included in the Financial Proposal.

VIII. Terms and Conditions

Only proposals received from registered non-profit organisations operating in Lebanon will be considered.

8.1 Data Protection and Security

The supplier agrees that all data collected, and materials developed under this contract, will be the exclusive property of the ILO and the supplier shall delete the data after termination of the service contract. All business sensitive data gathered will be stored in line with data protection guidelines and not shared with third parties or for other uses outside of the stated aims for their collection.

8.2 Required capacity of the local institution

- ✓ Local presence and expertise in working with SMEs operating in agriculture/agro-food sectors in Lebanon for a minimum of 7 years;
- ✓ Extensive knowledge and experience in business and financial development for SMEs specifically SME grant scheme design and implementation and wage support for SME workers.
- ✓ Extensive knowledge and experience in crisis management and specifically supporting SMEs in times of crisis;
- ✓ Have a senior team leader with minimum 10 years of professional experience including experience in the area of financial business development services and grant provision for SMEs;
- ✓ Have access to a pool of experienced high-quality consultants to assist in the implementation of the SME grant scheme programme;
- ✓ Knowledge of ILO mandate and work related SME development in Lebanon and the Arab region.

8.4. Documents to be submitted in the proposal

Interested organizations must submit the following documents/information to demonstrate their qualifications:

1. Technical Proposal in line with the structure detailed below (section IX)
2. CVs of adequately experienced team leader and consultants
3. Financial Proposal – as outlined below (section X)
4. Three (3) references for similar past works undertaken by the bidder. Detailed contact information including the name, the title, and email and telephone numbers of people that can be contacted

IX. Technical Proposal

The technical proposal is expected to be submitted by the bidders in the following structure:

1. Company profile demonstrating required capacity in 8.2 and local presence in Lebanon, summarizing past experience and works undertaken in providing business support services in agriculture/agro-food sectors
2. Detailed description of past works in conducting similar financial business development grant provision and wage support for SMEs in agriculture/agro-food businesses in Lebanon
3. Summary of the proposed methodology to design, implement, monitor and report on grant and wage support schemes targeting SMEs in the agriculture and agro-food sectors
4. Detailed work plan with a timetable related to grant and wage support schemes targeting the 20 participating SMEs
5. CVs of Senior team leader and consultants demonstrating their capacity to meet the essential and desirable criteria
6. Foreseen challenges during the implementation of the project and mitigation methods.

X. Financial proposal

The bidders shall submit an activity-based budget using an excel sheet and submit both the Excel version and the Pdf version. The budget shall include costs related to outputs and activities, staff and consultants, overhead and operations.

Note that any payments or transfers by the Implementing Partner to a third party in LBP shall be converted at BDL rate of 3,900 to the USD for the purpose of this Bid and should be clearly shown in the Budget.

The financial proposal will be evaluated based on price reasonableness and overall cost.

XI. Application

Applications should be submitted **by email to Mr. Rayann Koudaih, SME Technical Officer, ILO ROAS Office (koudaih@ilo.org)**. Both financial and technical proposals should be valid for 90 days. The deadline for submission of technical and financial proposals is **November 23rd, 2020**.