



**Inclusive jobs and education for refugees and host communities
-PROSPECTS-**

TOR Name	National consultant – Review of relevant registration and compliance procedures and institutional actors for the formalization of small economic units and their workers in Lebanon		
Country	Lebanon	Project Code	107274
Duration	From	23/05/2022	to 22/07/2022
Pillar:	Employment		
Outcome:	06: Years 2-4 - Component Employment - Increased number of forcibly displaced and host community members with enhanced livelihoods and/or employment in safe/decent work		
Output:	06.02 - (Y2-4) MSMEs/start-ups enabled to create and retain decent jobs for refugees and vulnerable host communities		
Activity / BL	06.02.01 - Business capacity of startups and MSMEs, including in the agriculture sector, improved through the provision of financial and non-financial support services		

PROJECT BACKGROUND

1. General Background

The forced displacement crisis has increased in scale and complexity in recent years. According to UNHCR, 79.5 million people were forcibly displaced worldwide at the end of 2019. Forcibly displaced persons (FDPs), including refugees and internally displaced persons (IDPs) face specific vulnerabilities, including loss of assets and psychological trauma, limited rights, lack of opportunities, a protection risk as well as a risk to be out of school, and a lack of planning horizon. In addition, the communities hosting FDPs also struggle to pursue their own development efforts.

In response to the considerable challenges facing FDPs and host communities, a new partnership initiative titled: ‘PROSPECTS’ Partnership for improving Prospects for host communities and forcibly displaced persons, was launched by the Government of the Netherlands, that brings together the International Finance Corporation (IFC), the International Labour Organization (ILO), the UN Refugee Agency (UNHCR), the UN Children's Fund (UNICEF) and the World Bank. Through the PROSPECTS partnership, the five partner agencies aim to leverage their comparative advantages and areas of expertise to programme complementary and interdependent interventions that address education and skills, employment and protection challenges. The partnership spans eight countries, namely Egypt, Ethiopia, Iraq, Jordan, Kenya, Lebanon, Sudan, and Uganda and covers the period 2019-2023.

2. PROSPECTS in Lebanon

Within the framework of the PROSPECTS programme in Lebanon, the ultimate objective of ILO’s intervention is to promote access for Syrian refugees and vulnerable host communities to decent work opportunities (rights to work); and to ensure that while working, the workers from these communities have safe working conditions and social protection (rights at work), in line with International Labour Standards. More specifically, and in line with overarching priorities, the three overarching pillars under which ILO will be working include: education and learning; employment with dignity; and protection and inclusion.

The Education & Learning pillar will aim to improve the learning outcomes for children and market-relevant skills of adolescents and youth living in Lebanon. The Employment with Dignity pillar will address the pressing challenges in the Lebanese context. The main aim of the programme within the employment pillar is to ensure enhanced economic opportunities and decent employment for vulnerable Lebanese host communities and Syrian refugees, with a focus on sectors such as agriculture and digital skills with potential for growth, job retention, and creation. The Protection & Inclusion pillar will increase protection and inclusion for refugees and host communities through strengthening of legal, policy and enabling environment for protection, social protection and inclusion.



ASSIGNMENT BACKGROUND AND OBJECTIVES

The ILO Recommendation on the Transition from the Informal to the Formal Economy, 2015 (No. 204)¹ calls on member States to design coherent and integrated strategies to facilitate the transition from the informal to the formal economy and recognizes the need for tailored approaches to address the diversity of situations and the specificity of national circumstances. Supporting enterprise formalization as a means of creating decent work opportunities for workers and economic units in the informal economy is a prominent pillar of the policy recommendations formulated in Recommendation 204.

Under PROSPECTS Lebanon, the ILO is supporting several start-ups and SMEs with entrepreneurship development and business resilience programmes in the agriculture and agro-food sectors. Many of the newly established businesses are still informal and need support in the process of formalisation and understanding its benefits. Similarly, SMEs, even if registered and formal, have a lot of their workers still working in the informal economy.

In line with ILO Recommendation no. 204, the ILO aims to carry out a support initiative in Lebanon to provide guidance to micro, small and medium enterprises (MSMEs) and start-ups in formalizing their legal status and the status of their workers to improve working conditions and the resilience of the businesses.

In this context, this assessment aims at reviewing the formality ecosystem in Lebanon in general and in the agricultural sector in particular, in view of encouraging the transition of informal economic units to the formal sector. In turn, this assessment will focus on the analysis of the following:

- Characteristics of the informal enterprises
- Profile and status of workers in both formal and informal enterprises
- Registration and compliance procedures for informal MSMEs
- Entry points, opportunities, and barriers to formalization
- Existing local institutional structures with a mandate to support enterprise development and formalization

SCOPE OF WORK AND METHODOLOGY

The methodology of this assignment includes the following:

1. A desk research to identify and gather information on i) relevant registration and compliance requirements and ii) the official institutions at the municipal and national level implicated in different steps of formalization (of enterprises and workers), including service providers that support the formalization of enterprises and workers. In the context of this desk review, the consultant is expected to familiarize themselves with ILO literature on informal economy, formalization, and formalization processes² (to be provided to the consultant) as well as existing studies and information on transitions to formality in forced displacement contexts in Lebanon. This includes assessments done under the PROSPECTS programme in Lebanon that may cover complementary areas.
2. Semi-structured qualitative interviews with i) institutions and agencies responsible for the registration and compliance of economic units and their workers; ii) service providers that support formalization, as identified in the desk research and following suggestion from the ILO; and iii) micro and small entrepreneurs that have formalized, or tried to formalize their business and workers, to document their experienced challenges and benefits of operating formally and success stories (The interview contacts will be provided by the ILO). The consultant is expected to provide an initial list of stakeholders to be validated by the ILO team before the launching of the fieldwork (representatives from the government organizations, informal economy organizations, financial sector providers, employers' organizations, trade unions, BDS providers etc.). In addition, the ILO will provide will

¹ The complete text of the Recommendation is available [here](#).

² See ILO (2021). [Transition from the informal to the formal economy: Theory of change](#); ILO (2021). [Theory of Change: Enterprise formalization for decent work](#).



propose a list of key guiding questions. The consultant will adapt the list of key topics and questions to the national context.

3. Analysis and reporting on formalization and compliance procedures for enterprises and workers in Lebanon, including an overview of the main institutional actors in this area. The report should cover:
 - a. Registration and compliance requirements for the formalization of MSMEs and their workers in Lebanon.
 - b. Actual and perceived formalization challenges (structural challenges, administrative barriers and capacity constraints), bottlenecks, benefits of operating formally and opportunities³ at the level of enterprises and workers
 - c. Overview of key stakeholders in the enterprise formalization ecosystem in Lebanon (see Annex for some initial guidance)
 - d. Recommendations on how to address Institutional capacity development needs on informal economy issues of the involved stakeholders.

DELIVERABLES

- **The first deliverable** is an inception report including:
 - i. an approach/methodology for carrying out this assignment,
 - ii. a work plan which includes a draft schedule of planned meetings ,
 - iii. Interview guides/tools that will be used to conduct the qualitative interviews. The ILO will provide a generic interview framework.
- **The second deliverable** is the draft report, based on initial desk research, on actual/existing registration and compliance procedures, challenges and benefits of institutions, service providers and informal economy actors (including organizations). The report should also include an overview of the relevant institutional actors for the formalization of micro and small enterprises in Lebanon.
- **The third deliverable** is the final report which is elaborated with analyses from the interviews and complementary research and revised, based on comments provided by the ILO. The analysis should include a comparison between the actual and perceived challenges and benefits for the formalization of small enterprises and workers in Lebanon (see also sub-item 3. h) for the four main areas that the report should cover).

All data and information received from ILO for this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference (TOR). The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the express advance written authorization of the ILO. All intellectual property rights arising from the execution of these TOR are assigned to the International Labour Organization. The intellectual property rights of the materials modified through the assignment remains with the International Labour Organization.

REQUIRED QUALIFICATIONS

- A good understanding of the informal economy in Lebanon;
- A sound knowledge of the laws, regulations and procedures for the formalization of micro and small enterprises, ideally in the agriculture and agro-food sectors in Lebanon, as well as of the institutions/agencies that support them;
- Proven experience in supporting enterprises in their development and/or formalization;

³ Opportunities include the capacity and factors that makes formalization a realistic option.



- A capacity to communicate effectively with the representatives of the institutions/agencies involved in formalization;
- Excellent spoken and written Arabic and English language skills;
- Excellent ability to synthesise and organise information.

SUPERVISION AND LOGISTICAL ARRANGEMENTS

The consultant will conduct the assignment under the supervision of the PROSPECTS Lebanon SME Technical Officer and the overall guidance of the ILO PROSPECTS Chief Technical Adviser for Arab States.

TIME FRAME

The assignment will take place from 23 May to 22 July 2022, with an estimated work duration of 25 days.

APPLICATION REQUIREMENTS

Interested candidates are kindly requested to send to Mr. Rayann Koudaih (koudaih@ilo.org) before **14 May 2022** the following documents:

- A detailed CV with relevant experience to the assignment
- A brief technical proposal
- Daily rate in USD



Annex 1: Overview of information to be collected by the consultant

The thematic areas for registration and compliance requirements are:

1. Enterprise and worker registration
2. Bookkeeping
3. Taxation
4. Social security
5. Decent work and labour law
6. Sectoral-specific requirements

For each thematic area, the following questions serve as initial guidance for information gathering:

a) **Procedure:** What is/are the registration/compliance procedure(s)?

- Which are the required documents?
- How and where do the procedures take place?
- Which laws or regulations apply to enterprises with regards to registration and compliance?

b) **Actors:** Which administrative bodies are responsible for the procedures and what, if any, formalization services do they offer?

- Describe the roles and functions of these administrative bodies / institutions / agencies

c) **Costs, incentives/disincentives and other barriers:** What are the costs and other barriers incurred by registration and compliance?

- Costs associated with enterprise registration
- Costs associated with maintaining compliance overtime
- Other barriers (capacity, time/opportunity cost, risks)
- Incentives and disincentives

d) **Duration:** What is the amount of time required to ...

- Complete the initial enterprise registration process?
- Maintain compliance with laws and regulations?

e) **Practical support :**

- Are there any special rules/procedures/schemes that apply to informal enterprises and workers? If so, how do they work?
- How does the government (local and national) help (informal) entrepreneurs to comply with regulations?
- How do employers' representatives, business organisations or other formal enterprises support their members/business partners comply with regulations? Do these services also extend to informal entrepreneurs?
- What other practical advice can be offered to informal economic units regarding registration and compliance procedures?



Annex 2: Review of the actors in the ecosystem in support of formalizing small enterprises and workers in Lebanon

The review should include information on:

- a) Mapping of relevant actors and the services they provide.
 - Sample question: What are the regulatory mandates of these actors with respect to formalization?
- b) Review of the existing linkages/collaborations between the actors.
 - *Sample questions:* How do organizations within the ecosystem interact? In what areas do they interact? What services do they provide jointly? Do partnerships exist?
- c) Analysis of existing and potential incentive structures to strengthen formalization ecosystem.
 - *Sample questions:* What are the main benefits of operating in the formal economy (actual and perceived)? What are the enabling/constraining factors that allow government institutions (especially administrative units) and other stakeholders to improve their service delivery? In which areas can these actors be supported to introduce effective support and or/formalization incentives to MSEs?