

## **DRC**

# **Terms of Reference (TOR)**

## **For**

# ***Research Consultancy, Innovative Business Finance & Support to MSMEs in Lebanon***

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## **1. Who is the Danish Refugee Council?**

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Founded in 1956, the Danish Refugee Council (DRC) is a leading international NGO and one of the few with a specific expertise in forced displacement. Active in 40 countries with 9,000 employees and supported by 7,500 volunteers, DRC protects, advocates, and builds sustainable futures for refugees and other displacement affected people and communities. DRC works during displacement at all stages: In the acute crisis, in displacement, when settling and integrating in a new place, or upon return. DRC provides protection and life-saving humanitarian assistance; supports displaced persons in becoming self-reliant and included into hosting societies; and works with civil society and responsible authorities to promote protection of rights and peaceful coexistence.

The Danish Refugee Council (DRC)-led LINKED Consortium – Linking Vulnerable Populations and Inclusive Market Networks to Advance Sustainable Economic Development in Lebanon – is a programme funded by the European Union (formerly MADAD) on sustainable and inclusive economic development in Lebanon, comprising DRC, Oxfam, Mercy Corps and Al Majmoua. The LINKED consortium and other EU -funded programmes on livelihoods and social stability have joined forces in the Economic Development Policy Unit (EDPU) launched in 2021 and hosted by Oxfam to collectively influence the policy making and donor funding process for Lebanon through policy coordination and joint evidence derived from EU-funded projects.

## **2. General purpose of the consultancy**

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The Danish Refugee Council in Lebanon is seeking to appoint a highly qualified (firm or individual) to conduct two pieces of research and analysis, which focus on strengthening assistance provided by humanitarian actors to MSMEs in Lebanon and facilitating their contribution to economic recovery. The analysis and research aim to contribute to the EDPU's mandate of proposing evidence-based policy alternatives where gaps are identified and inform Lebanese policy makers, the donor community, humanitarian stakeholders and the EU on contextual economic inclusion priorities.

### 3. Background

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For a deeper understanding of the projects implemented by the LINKED Consortium, please refer to the documents in Annex F and F.2 and Annex F.3 outlines the scope of work of the EDPU for better reference.

### 4. Specific objectives of the consultancy

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DRC is seeking to appoint a highly qualified (firm or individual) who will be working with LINKED Partners and the EDPU on **two (2) evidence-based, fully edited policy briefs to be jointly produced over February – June 2023**, along the following research lines:

The first topic focuses on linkages between the deteriorating socioeconomic situation in Lebanon and How to strategically support MSMEs in selected sectors and boost labour market integration. Specifically, this brief will focus on innovative approaches to support the private sector in responding to the socioeconomic crisis, primarily through means such as import substitution for essential goods and better resource management (circular economy) on a national scale, in turn leading to improved local production and consumption of basic goods and job creation (or preservation). For example, one of the questions that could be addressed is how the “farm-to-table” approach can be innovatively harnessed to mitigate food insecurity in Lebanon in the Agri-food sector, and how to develop a more environmentally and socially sustainable food system and supply chain while enhancing employment outcomes for vulnerable groups. The research will make use of the expertise and local experiences of the EDPU and EU-funded consortia; for example, it may explore innovative private sector approaches piloted by EU-funded (formerly MADAD) consortia through the **Local Business Clusters** and **MSME-Social Enterprises clusters** (among other relevant practices) and their initial impact on meeting the growing livelihood needs of populations (e.g. food security, employment). Thus, the selected consultants will be required to liaise with key stakeholders in that space, including the EU, ILO, LINKED and SeeChange Consortia partners, and other major sector actors to refine the research questions and develop the initial draft of the brief.

The expected output would be a roadmap for actors to foster the aforementioned linkages through leveraging innovative – technological and/or service-related – interventions while tackling legal and institutional barriers to employment inclusion. As part of the roadmap, the research should produce up-to-date and practical policy recommendations that could feed into national initiatives such as a new/updated SME Strategy for Lebanon; the planned National Employment Policy (in draft stage); and other pertinent national efforts promoted by the EU-UN-World Bank *Reform, Recovery and Reconstruction Framework-3RF*.

The second topic will explore **traditional and innovative forms of financing for MSMEs and SEs** to think creatively about new shared-value partnerships and mechanisms that can support Lebanon’s economic transition. Currently, very few financing options are available for individual entrepreneurs, MSMEs and SEs in Lebanon. Understanding MSME/SE clients’ exact financing needs and loan products requirements depending on their typology (e.g. home-based start-ups vs. mature businesses) is necessary to advise on suitable financial products, mechanisms or partnerships that funders should consider supporting or investing in, such as blended finance. Specifically, different types of (a) innovative financing/loan products (e.g. agri-financing, green-financing) and (b) profiles/needs of businesses or individuals (e.g.

based on socioeconomic vulnerability) should be carefully matched to maximize outcomes, while outlining potential risks involved (such as debt, protection risks, backsliding into chronic vulnerability, etc.) and possible mitigation measures. Thus, where possible, the impact of the financial products/mechanisms envisaged on increased financial inclusion among Lebanese and non-Lebanese project participants will also be discussed. Indeed, while many sources of financing are cited as potential alternatives in the Lebanese context - including crowd funding, value chain financing, digital finance, etc. - their relevance, affordability and inclusiveness still need to be assessed.

The final research brief will be a digestible output focused on local level and quick-win recommendations for businesses, financing institutions and international actors working in economic recovery. It will tentatively include a “catalogue” of mechanisms for financing, which covers the mechanisms and risk/benefit analysis of each to be used to inform MSMEs of available options. Researchers are expected to liaise with key actors in that space including the EU, CGAP, UNEP, Al Majmoua, DRC and INMA’A Consortium partners to take stock of the existing body of knowledge on the topic and determine specific research angles to prioritize.

In that context, specific tasks to be provided by the selected research consultant(s) include to:

- Develop desk reviews on the above two topics, bringing together past relevant research from LINKED partners, the EDPU (including other MADAD programmes that compose it), and additional bodies (e.g. OECD, World Bank);
- Refine the research angles/questions for both topics, with guidance from the LINKED partners and the EDPU;
- Develop a short research methodology for each brief (including ethical considerations and possible limitations and risk mitigation measures) aligned with EDPU’s 2021-2023 research strategy, and develop qualitative and/or quantitative research tools;
- Coordinate, organize and conduct primary data collection/analysis relevant to both topics, in consultation with the EDPU;
- Develop and write the two joint LINKED-EDPU research & policy briefs (approximately 10 pages each), including the formulation of research findings and recommendations at programmatic and policy levels;
- Participate and co-lead a validation workshop prior to the launch of the developed products with the EDPU and LINKED Technical Working Group
- Support the organization and launch of a joint EDPU-LINKED policy event in line with EDPU’s 2021-2023 Influencing and Communications Plan to present the briefs to the sector (e.g. by acting as technical panel experts, contributing to debates, etc.).

## 5. Scope of work and methodology

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Based on the above, the research consultant(s) is/are expected to provide, for each topic:

- A short desk review based on the compilation and analysis of secondary data, and which will include the exact research questions to be covered by the brief;
- An outline for the brief;
- Research tools (e.g. FGD/KII/expert roundtable questionnaires) and collected data (e.g. captured in surveys, transcripts);
- Initial brief draft(s), covering data analysis and the formulation of findings and recommendations;
- Final, copy-edited research & policy brief(s) including partners’ comments/revisions;
- Participation in a final research dissemination and policy event.

## 6. Final Deliverables

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The Consultant will submit the following final deliverables as mentioned below:

Delivery Timeline	Expected final deliverables	Indicative description tasks	Maximum expected timeframe
07 April 2023	Research and Policy Brief	Final edited Research & Policy Brief no 1, to be validated during a workshop with the EDPU and consortium partners	33 working days
10 May 2023	Research and Policy Brief	Final edited Research & Policy Brief no 2 (including innovative financing catalogue), to be validated during a workshop with the EDPU and consortium partners	33 working days
07 June 2023	Final event report	In-person presentation of key findings and recommendations at a Final Dissemination Event for the two briefs	4 working days

The Consultant will provide all documentation (including intermediary product versions, research tools and other draft work documents) by email, through MS Word, PowerPoint and PDF files as appropriate.

## 7. Duration, Timeline and payment

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The total expected duration to complete the assignment will be no more than **70 working days**

The consultant shall be prepared to complete the assignment by no later than **30 June 2023**.

Payment will be done in three instalments at the end of each phase of work (as per the above indicative timeline), upon the satisfactory delivery of corresponding services/deliverables and based on DRC's approval. Payments per deliverable are allocated as follows:

1. Policy Brief #1: 40%
2. Policy Brief #2: 35%
3. Participation in final event and presentation: 25%

Pricing in the consultant's offer should be specified in USD.

## 8. Proposed Composition of Team

Bids for the consultancy should include a detailed organigram/overview of the composition of the consultant team if applicable, including their role in the completion of the aforementioned deliverables.

## 9. Eligibility, qualification and experience required

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**Eligibility:** The consultant has the authorization to conduct research in Lebanon

Non-resident Consultants registered in their country shall include a TAX deductions for 7.5% from the financial breakdown to be declared to the Lebanese relevant ministry.

**Qualifications & Experience:**

- Masters' Degree (or equivalent degree/experience) in Economics, Development Economics, Business, International Finance, or a related field is mandatory (PHD preferred);
- Minimum 10 years of experience in economic development programmes and policy-making;
- Previous experience working as a technical advisor for multilateral organizations (UN, international financial institutions...), donors and/or INGOs is required;
- Expert knowledge of Lebanon and its social, political, and economic contexts is mandatory. Previous experience working in Lebanon is a must;
- Knowledge and experience of EU policies towards Livelihoods and sustainable development is a plus;
- Track record of publications in relevant fields of expertise;
- Demonstrated excellent analytical, writing and editing skills;
- Fluency in English and Arabic (oral and written);
- Prior working experience on EU-funded projects would be an asset.

**Language requirements:** Fluency in written and spoken English, Arabic is highly desirable

## 10. Technical supervision & submission process

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The selected consultant(s) will work under the supervision of:

- *Economic Development Policy Unit (EDPU) Coordinator for EU MADAD Livelihoods & Social Stability Programmes – Lebanon*
- *LINKED Consortium Manager*

## 11. Location and support

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Research and all other aforementioned activities are to be conducted in-person and/or virtually depending on local circumstances, as well as the technical proposal to be provided, the final launch event is expected to be attended in-person.

The scope of work will be mainly based in Beirut area (DRC Coordination Office) for meetings; with frequent visits to the implementation should the consultant be based in Lebanon. DRC will not provide a working space for the consultant. Otherwise, should the consultant be based outside of Lebanon, all scopes of work are expected to be conducted virtually, with data collection to be done by DRC staff in Lebanon. In this case, only participation in the final event will be required in person, the related costs for which should be included in the financial proposal.

The Consultant will provide their own computer and mobile telephone, as well as all other materials required to complete the consultancy tasks and deliverables.

## 12. Travel

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Travel will be required for the final launching event of the project, in order to present the research process, contents and findings.

The consultant is expected to arrange transportation, accommodation, insurance, food and to make adequate provision in the financial proposal. These provisions will ultimately be assessed and paid in line with DRC guidelines as relevant.

## 13. Evaluation of bids

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Evaluation will take place within a Selection Committee to compare the bids, along the principles of quality of the bid, as well as cost-effectiveness. Full details on the evaluation process and criteria can be found in ***the RFP BEY\_23\_05 Invitation Letter***.

An interview process may take place depending on the number and quality of the bids received, with only those shortlisted to be contacted for interview.

## 14. Submission process

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***Refer to the RFP BEY\_23\_05 Invitation Letter.***