



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

<b>TOR Name</b>	<b>Implementation Agreement to Implement a Credit Scheme for Farmers and Workers in the Agriculture Sector in Lebanon</b>		
<b>Country</b>	<b>Lebanon</b>	<b>Project Code</b>	LBN/19/50/NLD - 107274
<b>Duration</b>	From	21/11/2022	to 20/11/2023
<b>Pillar:</b>	<b>Employment</b>		
<b>Outcome:</b>	<b>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</b>		
<b>Outcome:</b>	<b>12: OF-Round 01 - Long-term sectoral development to create jobs supported</b>		
<b>Output:</b>	06.02 - (Y2-4) MSMEs/start-ups enabled to create and retain decent jobs for refugees and vulnerable host communities		
<b>Output:</b>	12.01 - (OF1) Credit guarantee schemes to re-establish access to productive equipment is provided		
<b>Activity / BL</b>	06.02.02 - Enhanced capacities of existing MSMEs in the agricultural sector to improve working conditions and productivity		
<b>Activity / BL</b>	12.01.01 - Set up credit guarantees for productive investments		

## 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 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

The PROSPECTS programme in Lebanon aims to reduce multidimensional vulnerabilities and increase social stability for refugee and host communities through a comprehensive and integrated strategy for improved resilience and self-reliance. It is doing so through the interlinked pillars of the PROSPECTS partnership, namely: **Education and Learning (pillar 1)**, **Employment with Dignity (pillar 2)**, and **Protection and Inclusion (Pillar 3)**, alongside the 'New Ways of Working pillar'.



The Education & Learning pillar aims to improve the learning outcomes for children and market-relevant skills of adolescents and youth living in Lebanon. **The Employment with Dignity pillar** addresses the pressing labour market challenges in the Lebanese context that have been exacerbated over the past few years by multiple crises. 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. The 'New Ways of Working' outlines a framework to promote and document more effective and efficient programming, strategic learning, and support to policy development and implementation to transform the way partners and other stakeholders respond to the protracted stay of refugees in Lebanon and to the multiple crises e

Within the framework of PROSPECTS Lebanon, ILO's focus has been on enhancing resilience of Lebanon's crisis-hit labour market and creating better livelihoods for both Lebanese host communities and Syrian refugees. It is doing so by promoting the development of market-relevant skills, enhancing career guidance and employment placement services and labour market governance, strengthening social protection schemes, and promoting micro, small and medium sized enterprises (MSMEs) and sectors with potential for decent job creation.

## ASSIGNMENT BACKGROUND AND OBJECTIVES

Agriculture, including horticulture is seen as a critical sector for employment creation and poverty reduction in Lebanon; hence has been a focus sector for the ILO under the PROSPECTS programme. An estimated 20-25 percent of the country's working population is involved in agricultural-related activities on a full time or part time basis. In the poorest regions of the country (Akkar, Donnieh, Northern Beqaa and the South) agriculture-related activities account for up to 80 percent of the local economic output. Agriculture livelihoods, designated as a formal livelihood source facilitating refugees' inclusion in the job market in Lebanon, provide economic integration opportunities that improve the food security of refugees and activate rural economies. It is also one of only three sectors where Syrian refugees are legally allowed to work. Around 60 percent of refugees are living in rural and marginalized areas, with agriculture as the main source of income. Syrians have traditionally been hired by Lebanese farmers as workers and today make up for 75 percent of the agricultural labour force.

However, the agriculture sector has also been hard-hit by the combined effects of the crises. The Centre de Recherche et d'Etudes Agricole Libanais (CREAL) warned in a recent report that agricultural production is likely to collapse, and projects a production drop in agriculture of around 40 percent of Lebanon's total share in GDP due to farmers' inability to access necessary agricultural inputs.

Rising prices for agricultural inputs and the breakdown of previously existing informal credit mechanisms have left farmers struggling to finance inputs and keep agricultural production going, threatening the jobs of both farmers and Syrian workers. In its efforts to address those challenges and as part of its Approach for Inclusive Market Systems (AIMS), ILO conducted a [market systems analysis in the horticulture sector](#) and pilot trials that confirmed that upgrading traditional greenhouses to multi-span greenhouses increases productivity and revenues on farms in Lebanon. Building on the results of the analysis as well as the needs of the overall agricultural sector, ILO is working on increasing productivity and improving conditions for farmers and agriculture workers. Specifically, it is working to safeguard existing jobs of both communities by providing direct support to selected small farms in the form of grants and vouchers for necessary agricultural inputs, subsidies to support the purchase of high productivity multi-span greenhouses, as well as trainings to improve business management skills, and support to improve occupational safety



and health (OSH) on farms. Throughout the process, ILO has been engaging suppliers, off-takers as well as public and private extension and business development services providers to tackle farmers' constraints sustainably.

Beyond grants for the most vulnerable farmers to purchase basic inputs (fertilizers, seeds, etc.) and subsidies to purchase greenhouses, farmers need more sustainable financial support if they are to make investments that would increase their productivity and income. In the past, suppliers of greenhouses and other inputs used to allow farmers to pay in instalments; but since suppliers now also have no credit with banks, they have stopped the practice. Suppliers are still selling these greenhouses, but require that farmers pay cash up front, which most farmers cannot do. In parallel, access to credit has diminished to the minimum following Lebanon's financial crisis, and farmers and agricultural workers were equally affected especially that all banks stopped lending, while few financial institutions remained in operation providing limited credit amounts for their old customers.

Against this backdrop, ILO will work on enhancing access to finance/credit for farmers and agriculture workers while reviving the role that the microfinance sector can play in contributing to the growth of the agriculture sector, and the economy as a whole. As such, a credit scheme will be designed in collaboration with a microfinance institution (MFI) targeting farmers and agriculture workers in the North, Akkar, Beqaa, and Baalbeck-Hermel, with the objective of facilitating access to credit for farmers and agriculture workers in the mentioned areas. The medium- to long-term objective is to support the national microfinance sector and institutions post crisis so they can sustainably continue to support the agriculture sector in particular and the Lebanese economy in general.

The credit scheme will provide loan product/s that respond to the wide range of needs of farmers and workers in the sector. The purpose is to help farmers interested in purchasing the multi-span greenhouses as a means to increase their productivity as described above. Other uses of loan product will be to meet the current and emerging needs of Lebanese farmers and agriculture workers to enable them to sustain their production and agribusiness or expand it; and as such provide opportunities for retention of existing jobs and creation of new ones. A market analysis will help guide the product profile further.

## OVERVIEW OF THE FINANCIAL AND MICROFINANCE SECTOR IN LEBANON

Following October 17<sup>th</sup> 2019, Lebanon has plunged into a deep **political and financial crisis** coupled by thousands of people in the streets protesting the poor economic conditions and pervasive corruption, which was further exacerbated following the Beirut blast. Poverty levels have steeply increased amongst both Lebanese citizens and refugees, alongside an overall increase in vulnerabilities both in terms of income and other social indicators. An ESCWA study highlighted that income poverty went up from 25 per cent of the population in 2019, to 55 per cent in 2020, and almost 74 per cent in 2021<sup>1</sup>. Multidimensional poverty rate in Lebanon doubled from 42 per cent in 2019 to 82 per cent of the total population in 2021<sup>2</sup>.

This came after several years of slow economic growth and mounting debt to finance the commercial and fiscal deficits. Trust has become extremely low in the banking industry, and perhaps more broadly in the financial sector, leading to a run on banks, itself compounded by poor communication on the one hand, and by informal capital controls and limits on cash withdrawals on the other hand.

In a highly dollarized economy, interest rates have spiked (the Central Bank intervened to cap it), the Lebanese pound has lost more than 95% of its value on the parallel market over the past three years, and foreign reserves are dwindling, putting inflationary pressure and posing serious risks on essential goods and services in-country. The private sector is

<sup>1</sup> <https://www.unescwa.org/sites/default/files/pubs/pdf/multidimensional-poverty-lebanon-2019-2021-english.pdf>

<sup>2</sup> Ibid.



severely hit, with recent reports estimating the number of jobs lost in the private sector at 160,000 as of the end of 2020.

This deepening crisis has dramatically impacted the society and the entire *microfinance sector whose aspirational inclusive strategies require support more than ever.*

Historically, Lebanon had a stable and growing microfinance industry with an annual portfolio increase of 13% on the client side and circa 20% in outstanding portfolio. It counted a dozen of institutions, legally formed as NBFIs, NGOs, or cooperatives. **The sector catered to a significant portion of the low-income population, including refugees.** Concretized with an outreach to 170,000 clients by the end of 2018, the microfinance sector hereby directly and indirectly impacted over 760,000 people or around 17% of the Lebanese population mostly vulnerable low income

**The crisis hit the sector badly.** From October 2019 till the end of 2021, the sector has been steadily shrinking reaching around 50,000 active clients, featuring a significant decrease in the number of clients translated by more than 70% portfolio decline and an increased sector double digit Portfolio at Risk (PAR), in parallel, outstanding portfolio value been depreciating massively (losing 25% if its value annually) due to the high LBP currency inflation rates. Other repercussions include currency mismatches between assets and liabilities causing huge foreign exchange losses. Three main MFIs remained active with different configurations and few managed to resume lending to selected customers in foreign currency. The majority of small MFIs though have paused lending temporarily.

The microfinance sector should be supported and stood by as it will accompany small farmers and microentrepreneurs to get back on their feet while the economy is recovering. It is through this rationale that the ILO is aiming at supporting one MFI by transferring capital funds to help it support refugees and hosts farmers and small entrepreneurs.

## SCOPE OF WORK AND METHODOLOGY

The ILO is looking for a microfinance institution, that has an NGO legal form, to undertake the following tasks:

- 1. Review the findings of the Markets Systems Analysis and the work done under AIMS in the horticulture sector and undertake a broader market research in the agriculture sector in the selected governorates to understand the needs of the target group and design appropriate financial products that meets those needs.**
- The MFI should start with a review of ILO's Market Systems analysis and subsequent assessments in the horticulture sector and undertake consultations with the 12 farmers in Akkar and Beqaa that have been included in ILO's pilot trials on multi-span greenhouses, as well as the suppliers of greenhouses who have been heavily engaged with the ILO throughout the implementation of the market systems approach. For a broader understanding of the challenges facing farmers and agriculture workers, in the selected governorates, the MFI will conduct focus group discussions with ILO's Improve Your Business (IYB) trainers who have been running improve your Agribusiness trainings for farmers, cooperatives, and active NGOs, as well as farmers and workers themselves in the selected governorates. Based on the outcomes of these consultations and its own assessment and previous and current work on the ground in the sector, the MFI will propose to the ILO for its approval loan product/s that meet/s the needs of Lebanese farmers and Syrian agriculture workers. This will include loan prototyping: Loans Terms and Conditions and Procedures (including guarantee requirements) along with a clear set of criteria for selection of clients.

### **2. Leverage the allocated funds**



ILO will allocate US\$ 600,000 to the MFI to provide loans exclusively on a revolving basis and it expects the MFI to match these funds with at least 1/3 of the value (US\$ 200,000). This amount is complemented by the ILO with US\$ 250,000 to be used as an incentive for farmers to return the loan on time.

In the technical proposal, the MFI will present:

- a projection for the use of the US\$ 800,000, which constitutes ILO's funds (US\$ 600,000) and its own funds of at least US\$ 200,000.
- a plan for the use of the US\$ 250,000 and how it will encourage repayment while supporting the farmers and workers

### **3. Promote the loan product, receive applications, and filter/appraise the applicants**

This activity consists of designing a marketing campaign that builds on the already established networks of the ILO PROSPECTS project and the MFI in the agriculture sector in the selected governorates. For the ILO, this will consist of the network with the farmers in the horticulture sector, the greenhouse suppliers, Ministry of Agriculture extension services, chambers of commerce and agriculture, pool of IYB trainers, farmers who have been trained on IYB<sup>3</sup>, database of farmers supported through the grant scheme, database from the Community Development Centers (CDCs) in the North that ILO is supporting, etc. For the MFI, this will consist of their old clients with good repayment history, outreach mechanisms through their branch offices and credit officers, social media outlets, etc. Sessions will also be organized through these networks to ensure that the potential clients are aware of this opportunity and understand the conditions, and application process, etc.

Interested clients will be requested to submit an application (based on a simplified template prepared by the MFI that caters for farmers/workers in the agriculture sector). The proposal/business plan will be reviewed and appraised by the MFI to assess their eligibility to benefit from the loan products which will be provided. Once applications are identified/referred, the MFI staff will undertake their normal duties of appraising the loan applicant and assessing their eligibility following the best practices of loan appraisals and in line with the lending methodology adopted (individual or group).

### **4. Utilize the fund (min of 800K) to exclusively disburse loans for eligible clients in the agriculture sector in line with the agreed parameters**

The MFI will use the above mentioned funds only to disburse loans to approved clients; The MFI undertakes to continue to offer loans, on a revolving basis, to clients from the same target groups (refugees and HC) after the end of the Agreement with the ILO for a period of 5 years. ILO will not be held responsible for the losses incurred in the loans provision from the initial funds or afterwards for the entire period.

### **5. Follow-up, documentation, M&E and reporting**

The MFI will use its MIS and monitoring/evaluation system to record all loan applicants and collect all needed documentations/information about them in line with ILO PROSPECTS data collection and reporting requirements, including in terms of disaggregation of Lebanese/refugees, men/women, age group, geographic location, loan product., etc . The MFI will produce in collaboration with communications team at ILO, to ensure compliance with ILO's visibility standards, a professional video for the successful trainees and clients who benefited from the loan to enhance production, productivity, agricultural practices, etc. as well as a case study to document the journey of the MFI and its clients within this programme.

---

<sup>3</sup> Around 250 farmers have been trained on IYB.



Indicative documents/material to be shared with ILO once contract signed	Time for submission
Report on market research outcomes including selected product prototype: Loan Terms and Conditions and Procedures + financial projections	After the market research and based on the needs assessment (consultant output)
Marketing material produced (brochure, banners, etc)	Two weeks before kickoff
List of applications received and their status (approved, rejected, pending, disbursed, closed).	Ongoing, one week after the closure of every month
Professional Photos taken of clients, outreach activities ...	one week after outreach activity, for the first loans provided ..
Excel List of disbursed loans using ILO template (gender, age, status, loan amount, nationality, duration, loan type, economic sector, jobs created/sustained , etc)	Ongoing, monthly basis- one week after the closure of every monthly
Portfolio report (active portfolio, repayment%, PAR, aging, etc)	Ongoing, monthly basis- one week after the closure of every monthly
Progress and final reports (technical and financial) to ILO on the progress of the project in line with standardized templates.	Every 6 months, once when a new payment is requested and a final report

## DELIVERABLES

The implementing partner is expected to fulfil the required tasks and execute the deliverables in the timeframe given below:

#	Indicative deliverables after contract signature	Indicative Deadline
1.	Updated work plan for the intervention including all activities schedule	One week after contract signature
2.	Report on market research findings including selected product prototype: Loan Terms and Conditions, guarantee requirements and Procedures + financial projections + marketing brochure	One month after contract signature
3.	List of clients (farmers/agri workers) who received loans using ILO's grant and the MFI fund (name, ID #, gender, age, status (Lebanese/Syrian refugee), date, etc..) and disbursement amounts using ILO's reporting format  <i>It is expected that a total of 135 loans are to be granted during the timeframe of the implementation agreement between the MFI and ILO.</i>	Monthly basis
4.	10 Monthly reports (of any non-financial services, loans disbursement, portfolio quality)	One week after the closure of every month starting second month excluding last month



5.	A professional video documenting the training courses, if they have been provided, outreach activities, capturing the success stories and impact of loans on businesses start-ups and job creation as well as on the revitalization of the MFI.	After 9 months of project kick off
6.	Progress report on overall implementation half-way through the project including challenges and mitigation measures	6 months after contract signature
7.	Final report	End of contract

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

**SELECTION CRITERIA OF THE IMPLEMENTING PARTNER**

- **A prerequisite for selection:** MFI that is able to provide a contribution that matches at least 30% of ILO’s grant earmarked for the loans

**Eligibility criteria**

- Microfinance Institutions (MFI) registered as non-profit organizations (NGO) operating in Lebanon
- Well established MFI in Lebanon with a history of client portfolio of more than **10,000 clients by the end of 2019.**
- MFI with presence (physical branches and/or staff fully operating) in Akkar, North Lebanon, Beqaa and Baalebek-Hermel.
- MFI that has been disbursing **loans in USD in the past year.**

The ILO welcome technical and financial proposals from qualified MFIs that meet the above criteria. Technically responsive and financially viable organization/entity will be chosen following ILO’s rules/procedures on evaluation by ILO team of professionals.

- Most Economic Advantageous Tender (MEAT) will be used for this procurement exercise and Contract will be awarded to highest scorer(s) in Cumulative analysis considering Technical and Financial Evaluation:

**1. Technical Proposal (70%)**

The Technical proposal will have a 70% weight, whereas Technical Evaluation passing score is 50%. Any applying entity that scores less than 50% in Technical Evaluation shall not be considered for financial evaluation. The technical proposal is expected to be submitted by the bidders in the following structure:

- |   |
|---|
| 1. Organization’s profile demonstrating required capacity and local presence/branches/activities in Lebanon, particularly in the targeted geographic areas, summarizing MFI’s experience before and after the crisis: including information on active loan portfolio in LL and USD, portfolio quality including PAR and write off, # of staff (LO s v/s other staff), Operational and financial sustainability indicators, efficiency indicators, training experience and involvement with ILO’s trainings, if any. |
| 2. Detailed description of relevant past works and assignments related to financial inclusion and start-up products, financial education, with particular focus on MFIs outreach to   |



farmers/workers/entrepreneurs in the agriculture sector (Lebanese/refugees) in the targeted areas
3. Summary of the proposed methodology (as mentioned in “scope of work and methodology” above, implementation plan and M&E.
4. Detailed work plan with a timetable related to the different activities
5. CVs of Team leader and staff involved in the project implementation demonstrating their capacity to conduct the assignment
6. Foreseen challenges during the implementation of the project and mitigation methods.

The Technical proposals will be evaluated in accordance with the criteria stated below:

	Description of Technical Evaluation	Score
1.	Relevant Experience of the MFI in loan provision, outreach, portfolio quality and sustainability indicators.	20%
2.	Strong field presence in the targeted governorates	10%
3.	Previous experience in working/disbursing loans to Lebanese and Syrian refugees in the agriculture sector in Lebanon	20%
4.	Outreach strategy and plan (disbursement plan, including proposal for using additional ILO funds as incentive for clients with SWOT analysis for each approach, value add by the organization, etc...)	25%
5.	Human Resources proposed for the assignment (qualification and experience) + detailed CVs	15%
6.	Previous experience working with the international bilateral donors	10%

*Clarity of the proposal, provision of all required documentation, and innovative delivery are considered as a cross cutting measurement criteria.*

## 2. Financial Proposal (30%)

The financial proposal will have a 30% weight. The bidders shall complete the financial proposal using an excel sheet and submit both the Excel version and the pdf version. MFI’s contribution towards this partnership is critical towards the choice of the partner.

The financial proposal shall demonstrate the following items taking into consideration that ILO’s grant dedicated towards the loan portfolio will not exceed US\$ 600,000 and the use of the additional US\$ 250,000 as an incentive for clients

- Activity costs: loan disbursement (US\$ 800,000; US\$ 600,00 contributed by ILO and US\$ 200,000 contributed by the MFI) - extra incentive (US\$ 250,000 contributed by ILO) - video production (contributed by the MFI)
- Staffing/admin & operational costs - **contributed by the MFI** - (project leader, LO s, admin/fin support, trainers, reporting officer, etc)

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





## SUPERVISION AND LOGISTICAL ARRANGEMENTS

All activities within the scope of this Terms of Reference will be carried out under the supervision of the National Senior Officer in PROSPECT/Lebanon and the overall guidance of Prospects Regional Chief Technical advisor for Arab States.

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.

## TIME FRAME

This contract will be implemented over a period of 12 months from the date of agreement signature - including the preparation phase. The partner is responsible for informing the Technical Officer in advance in case of any unforeseen delays or changes.

## PROPOSAL SUBMISSION PROCEDURE

The bidding MFI must submit the proposed offer **“Technical and Financial Proposals”** in separate digital folders mentioning **“Technical Proposal”** and **“Financial Proposal”** on each digital folder so that the financial information could not be revealed before financial proposal opening. The two digital folders saved in one digital folder (zipped) with the title saved as the full name of the bidder, followed by the project title “PROSPECTS Lebanon”, and date of submission.

Questions from potential bidders on any section of this TOR are welcome. Please send relevant questions to the following contacts of ILO PROSPECTS Lebanon team and ILO will provide feedback on your queries by 24 October 2022:

1. Mr. Nassim Njeim, PROSPECTS National Officer [njeim@ilo.org](mailto:njeim@ilo.org)
2. Mrs. Lara Al Hajj – Administrative and Finance officer – [alhajj@ilo.org](mailto:alhajj@ilo.org)

**Proposals should be submitted by email to Mr. Njeim and Ms. Al Hajj.** Both financial and technical proposals should be valid for 90 days.

The **deadline for submission of technical and financial proposals is 28 October 2022 at 11:00 p.m** to be scored according to the technical evaluation table mentioned above combined with the financial proposal. The proposer will receive a confirmation email in return upon submission.

## PAYMENT SCHEDULE

The Payment Schedule will be agreed upon with the MFI during the contract awarding phase, according to ILO rules and regulations, while adhering to the feasible implementation of the corresponding assignment.

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.