



ILO Country Office for Nepal

Skills for Employment Project

Terms of Reference

Supporting Industry and Enterprise Recovery in context of COVID-19

Background

ILO Country Office for Nepal (ILO Nepal) provides technical assistance to its tripartite constituents, Government, Employers, and Workers, on issues around the World of Work in Nepal.

ILO Nepal's work is guided by the Decent Work Country Programme (2018-22) which contains key priorities and activities as highlighted by tripartite constituents. The need for example, to promote more and better jobs, especially for young, women, men and disadvantaged groups is highlighted in Outcome 1.2 under Priority 1 of the Decent Work Country Programme (DWCP). This outcome outlines the need to create an enabling environment for sustainable enterprises as a modality to enable more and better jobs.

ILO's technical assistance component of Foreign Commonwealth and Development Office's Skills for Employment Project (ILO SEP) works under the structure of DWCP Outcome 1.2 to provide technical assistance to the government on enabling enterprises. As such ILO SEP has been working in close collaboration with Ministry of Industry Commerce and Supplies (MoICS) in line with their priorities.

The Industry and Investment Promotion Division (DoIIP) under the Ministry of Industry, Commerce and Supplies is primarily responsible in formulation of national policies, laws, programme and project related to the promotion of industry and foreign direct investment which has significant role in economic development of the country. In order to realize the national vision of "*Prosperous Nepal: Happy Nepali*", the Government need to policy departure particularly on the extension of investment, enhancement of technical skills, and enabling environment in relation to industrial development.

Relevancy

The role of sustainable enterprises in creation of decent jobs has been thrown into sharp relief by the ongoing impact of COVID-19. Over 90% of Nepal's enterprises are micro enterprises who have been most affected by impact of COVID-19 related restrictions and

closures. The next largest enterprise segments of small and medium enterprises have also been increasingly affected by the lengthening crisis. From a sectoral perspective Industry and enterprises under it are significant contributors to national employment and economy. They too have been affected as supply chain disruptions, fall in demand, and other factors have affected their operational capacity. The unprecedented nature of challenges facing industry and enterprise due to COVID-19 requires new strategic interventions if we are to overturn COVID- 19's significant negative impact and ensure a revitalization of jobs and economy.

DoIIP in this context plans to initiate a monthly discussion series to host discussions and presentations especially on industry and foreign investment can be optimized to support job creation in current context. It intends to bridge the gap between research and MoICS's policymaking efforts by fostering critical dialogue, networking and collaboration with think tanks, research institutions, academia and other related agencies.

The discussion series will be accompanied by research on continuing impact of COVID-19 on enterprise, specifically how they might have affected pre-existing constraints for MSME graduation. Together they will contribute to supporting delivery of other activities including identification of possible paths for industrial policy in current context.

DoIIP has agreed to technically collaborate with ILO SEP in the delivery of these activities. A Terms of Reference was therefore developed by ILO SEP in coordination with DoIIP to hire a suitable agency that can support both partners on the work.

Objective

The objective is to support Industry and Enterprise Recovery efforts planned by the Ministry of Industry Commerce and Supplies in collaboration with ILO SEP.

Note identified agency will be hired by, report to and work under supervision of ILO SEP.

Tasks

The following are key tasks with details that the identified agency will be expected to deliver;

- 1) Deliver 11 discussion series as per requirements of MoICS
 - a. Provide technical suggestions as required by MoICS on theme, topic and other areas of the discussion series
 - b. Deliver logistical, administrative, and operational support for discussion series that will include;
 - Hiring right resource person to develop and present on selected theme and topic as required
 - Providing rapporteuring support to discussion meetings
 - Supporting coordination efforts in putting together discussion series meetings that extends to assisting MoICS identify right participants for theme/topic

- Ensuring operational requirements for the discussion series such as, stationary, refreshments, audio visual systems are available for smooth functioning of sessions.
 - Produce solution-oriented summary and synthesis report for each discussion series
- 2) Develop a compendium of discussion series reports that provides an actionable list of items for MoICS to consider in its policy and program engagements as per the global evidence. Printed copies of compendium will be provided to MoICS and ILO.
- 3) Develop model Industrial Enterprise Law & Industrial Negotiation:
Existing federal Industrial Enterprise Act and Regulations will be used as a background by the agency to develop the model.
- 4) Conduct Enterprise Growth Diagnostics:
The proposed action research will create an evidence base to support MoICS develop appropriate responses to MSME recovery and growth in response to COVID-19. There are three major sub outputs here;
- a) Evidence based identification of constraints to MSME growth and graduation in context of COVID-19. A core aspect of this is to identify how existing constraints to graduation of MSME's including specific constraints for different segments within MSMEs, have changed in context of COVID-19.
 - b) **Clear, sequential and actionable policy and programme steps/recommendations** that can be adopted to enable MSME recovery and graduation in context of COVID-19. Clarification should be given why these steps are the most relevant.

Note that we are not simply looking for a blanket approach. Instead steps and recommendations should be made based on;

- a. The MSME segment that has the most potential for generating jobs and growth in current context
- b. That which is practical, acceptable by stakeholders, and implementable

We expect this would require a mixed method approach that looks at a sample of around 200 enterprises. Applicant is free to suggest other methods and approaches. An indicative list of sub tasks are as follows;

- a) Conduct initial consultation meeting with Ministry of Industry Commerce and Supplies and ILO Nepal
- b) A desk review that looks into;

- i. Secondary datasets that relate to small and medium-sized enterprise (SME) sector, covering inter alia quantitative and qualitative aspects of employment. This includes;
 - Macroeconomic data to outline wider economic trends that might affect SME growth.
 - Government and other datasets as relevant - Economic Census (2019), National Living Standards Survey, Labour Force Survey, Manufacturing Census, Annual Household Survey, ILOs Enabling Environment for Sustainable Enterprises dataset, Labour Force Survey and other relevant socio-economic data that might be relevant to outline national, sectoral and subnational trends
- ii. Enterprise related legislation/policies/programmes at federal, and other levels of governance in tandem with other policies [in such areas as fiscal and monetary matters, trade and industry, employment, labour, social protection, skills/education, gender equality, occupational safety and health] to identify their combined influence on MSME growth in existing context. In particular consider;
 - Access to formal credit and capital markets including a short review of existing MSME targeted financial products [with reference to Nepal Rastriya Bank directives regarding SMEs]
 - Productivity and quality
 - Access to new technologies
 - Transportation and communication infrastructure
 - Access to private and public procurement opportunities
 - Provisions to ensure compliance with social security provisions
 - Measures aimed at promoting formalization of informal sector
 - Business support services
 - Enforcement of Contracts, Patents and Trademarks
- iii. ILO reports and documents related to MSMEs.
- iv. Positive policy and programming steps taken by subnational governments within South Asian region to support MSME growth, with particular emphasis on graduation. Supporting analysis on why they can be of relevance should also be provided.

The objective of the desk review will be to identify current macro and micro drivers [whether negative or positive] to MSME growth and graduation in Nepal. Also, to identify potential gaps exist.

- c) Develop relevant questionnaire and checklists for field work. These should be based off the desk review and developed in line with requirements of MoICS and ILO SEP. Present developed questionnaires and checklists for approval.
- d) Conduct focus group discussions (FGDs) and key informant interviews (KIIs) among small and medium sized enterprises. Fieldwork should be done in close consultation with the most representative organizations of employers and workers. KIIs should be extended to include

relevant government officials, think tanks, subject matter experts and other stakeholders that can add value to the study.

Note that fieldwork should be able to identify whether current provincial/national government policies/programme/legislation supports small and medium-sized enterprises in practice, while ensuring adequate protection and working conditions for their workers. Another area of interest here would be to explore what can be feasibly done to create a good entrepreneurship culture and role of tripartite partners.

- e) Present to MoICS and ILO Nepal for comments, validation of findings and approval of recommendations
- f) Incorporate comments received from validation workshop into a final report

Note all tasks should consider;

- Gender and youth dimension to SMEs and their constraints
- Recent external shocks, namely COVID-19, and their immediate impact on SME growth potential

- 5) Develop policy brief on enabling environment for industrial and enterprise growth

All tasks will be conducted under day to day supervision of ILO SEP

Deliverables

The immediate outputs from discussion series will be the following;

- 1) Approved model Industrial Enterprise Law & Industrial Negotiation
- 2) Enterprise Growth Diagnostics report
- 3) Policy brief on enabling environment for industrial growth
- 4) Compendium of individual discussion series reports

Acceptance of deliverables is subject to final approval by ILO SEP and MoICS

Payment Schedule

- 30% of total budget paid on receipt of work plan
- 65% payable after 1) and 2) are delivered
- 5% paid after 3) & 4) are delivered

Tentative schedule to be finalized later.

Tentative Timeline

Date/Month	Deliverables	Comments
Second week of December 2020	Finalize discussions series with MoICS and ILO Nepal	
Last week of January 2021	Discussion 1, 2, 3 Model Industrial Enterprise Law & Industrial Negotiation	Agency will deliver discussion paper immediately following discussion
Last week of February 2021	Discussion 4. Enterprise Growth Diagnostics study. Progress report will be submitted to ILO SEP.	
Last week of March 2021	Discussion 5 & 6.	
Last week of April 2021	Discussion 6 & 7. Policy brief on enabling environment for industrial growth	
Last week of May 2021	Discussion 7, 8, 9.	
Last week of June 30 th , 2020	Discussion 10, 11. Compendium of Discussion Series Final report detailing all activities will be submitted to ILO SEP.	

Submission

Interested institutions are invited to submit their technical and financial proposals electronically to kathmandu@ilo.org by **17:30hrs on Tuesday, 10th November 2020.** Subject heading should mention “Industry and Enterprise Recovery”.

Please include a copy of ownership certificate, company profile, and VAT/PAN registration certificate of your company.

Note that submissions require a technical proposal (containing organizational profile, team member details, previous experience and such) and a financial proposal (with each possible expense heading detailed). **Technical and financial proposals should be sent in separate emails.**