



## **ASEAN-AUSTRALIA DEVELOPMENT COOPERATION PROGRAM (AADCP) PHASE II**

### **TERMS OF REFERENCE FOR**

#### **Development of Regional Guidelines on MSMEs Crisis and Disaster Resilience**

The ASEAN Secretariat and the Australian Government, through AADCP II, invite applications from consultants for the above-referenced project.

#### **I. Background**

Micro, small, and medium enterprises (MSMEs) contribute to approximately 97% of employment and 69% of Gross Domestic Product (GDP), across ASEAN<sup>1</sup>. Despite their prevalence, they are vulnerable to the adverse effects of disasters as highlighted by the COVID-19 pandemic. This concern is attributed to their limited resources and the relative informality of the sector. As such, MSMEs are less likely to survive the onslaught of disasters and pandemics than bigger companies as most of them have no insurance, lesser cash reserves, no risk assessments or business continuity plans.

Most MSMEs suffered considerable losses due to the decrease in demand, supply chain disruptions, raw material shortage, and major shifts in customer behaviours, among others. Those in the heavily-impacted sectors are forced to reduce business expenditures or halt business activities altogether, leading to a chain of reactions including a surge in unemployment, further exacerbating socio economic impacts of the pandemic in ASEAN.

ASEAN governments have rolled out policy measures to support MSMEs navigate the crisis, adapt and recover from the aftermaths of the pandemic. These measures include a mix of shorter-term stimulus measures, as well as longer-term structural policies – aimed to build a “new normal.” Policy measures rolled out ranged from deferral measures, direct financial assistance and information provision (shorter-term measures) to support in training workers, digitising, accessing new markets and formalising (long-term measures)<sup>2</sup>.

However, such safety nets may be temporary, reaction-based or event-triggered, generic and not tailored to different categories / types of MSMEs. There is also anecdotal evidence that many enterprises face difficulties in accessing the support schemes, attributed to various factors including the fact that governments are not used to acting rapidly at scale (causing backlog in service delivery) and difficulties to reaching out target beneficiaries due to the large size of the informal sector in ASEAN. Effective safety nets, when properly designed and implemented, are crucial in safeguarding the MSMEs immediate continuity from the adverse impacts of disasters.

<sup>1</sup> ASEAN Strategic Action Plan for SME Development 2016 – 2025: 2020 KPI Monitoring Report <https://asean.org/storage/External-KPI-Report.pdf>

<sup>2</sup> Enterprise Policy Responses to COVID-19 in ASEAN: Measures to Boost MSME Resilience <https://asean.org/storage/2020/06/Policy-Insight-Enterprise-Policy-Responses-to-COVID-19-in-ASEAN-June-2020v2.pdf>

## II. Needs and Objectives

The project intends to contribute towards enhancing MSMEs crisis and disaster resilience through the development of a set of high-level guidelines that will provide recommendations of appropriate and timely measures to minimise the impact of future disasters and crises on MSMEs.

This set of guidelines will serve as reference for ASEAN policy makers in putting in place measures to promote MSME resilience during and after a crisis. It is crucial moving forward that the MSME policymakers and MSMEs have the necessary skills and awareness to adequately prepare for such catastrophic events. At the same time, it will advocate for the institutionalisation of safety nets to support MSMEs to cope and recover from these shocks as well as strengthening MSME value chain and smarter supply networks. In the longer term, the use of the Guidelines by the relevant stakeholders is expected to bring about change in policies, institutions and process, towards creating an environment that is supportive of MSME crisis recovery and resilience.

The project is an annual priority of the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) for the year of 2021. It responds to the findings of the Mid-term Review of the ASEAN Strategic Action Plan for SME Development 2016 – 2025 (SAP SMED 2025), which highlighted the need for ASEAN Member States (AMS) to learn from the COVID-19 pandemic by ensuring that their crisis management skills are relevant and adaptable to changes.

It contributes to the implementation plan of the ASEAN Comprehensive Recovery Framework (ACRF), Broad Strategy 2: Strengthening Human Security, Key Priority 2a. *“Further strengthening and broadening of social protection and social welfare, especially for vulnerable groups.”*<sup>3</sup> and in acknowledgement of the private sector’s recommendation Councils and Sector Champions, titled “A Pathway Towards Recovery and Hope for ASEAN”<sup>4</sup>.

## III. Outputs

This project will develop a set of **ASEAN Guidelines on promoting MSMEs resilience to crisis and disaster**. The Guidelines will be submitted for endorsement by the ACCMSME, and notation by Senior Economic Officials Meeting (SEOM), ASEAN Economic Ministers (AEM) and the ASEAN Leaders, respectively.

The Guidelines will be developed with the following considerations:

- The Guidelines will describe a framework that will cover all aspects required for governments to build MSME resilience. Noting the different capacities of the AMS towards disaster responses, as well as the range of types of characteristics across MSMEs, the Guidelines will have to consider the inventory of suitable potential interventions that can be put into place to maximise access of the target groups, notably the small and vulnerable enterprises, and minimise leakages.

<sup>3</sup> Available here: <https://asean.org/asean-comprehensive-recovery-framework-implementation-plan/>

<sup>4</sup> Accessible here: [http://aseanbac.com.my/wp-content/uploads/2020/08/ABAC-OOA-Version-15\\_final.pdf](http://aseanbac.com.my/wp-content/uploads/2020/08/ABAC-OOA-Version-15_final.pdf)

- The Guidelines will explore the issues of exclusion, ease of access and non-use of support programs by the target groups. As majority of the MSMEs are considered informal, they are either excluded or access is often hampered by the lack of documentation and licences to support eligibility claims. The Guidelines will look at the implementability of the interventions by examining the policy and institutional requirements in rolling them out.
- The Guidelines will then delve deeper to inform how AMS, specifically relevant agencies in the AMS, can identify resources, determine roles and responsibilities, establish coordination mechanisms and include disaster preparedness into existing or new policies and regulations, specifically those aimed at:
  - A. Supporting MSMEs recovery, which may include:
    - i. Labour policies (e.g. on redundancies, wage subsidies, self-employed)
    - ii. Deferral policies (e.g. income/corporate tax, Value Added Tax (VAT), social security and pension contributions, rent/utilities/local tax, debt moratorium)
    - iii. Financial instruments (e.g. loan guarantees, direct lending to MSMEs, grants and subsidies)
  - B. Promoting MSME's recovery as well as resilience, which may include structural policies that help MSMEs find new and alternative markets, support teleworking/digitalisation such as adoption of e-commerce, promote innovation, diversification, training, capacity building through upskilling / reskilling, and redeployment (e.g. on Business Continuity Planning)
  - C. Establishing an enabling environment to help MSME recover and build resilience, which may include measures to:
    - i. Promote cross-sectoral, multi-stakeholder collaboration/ networks in helping MSMEs recover from disaster and build long-term resilience. This may include awareness building and incentives, etc.
    - ii. Increase demand for MSME products and services. This may include incentives, public awareness/ campaigns programs, access to e-commerce platform, etc.
    - iii. Provide access to alternative funding sources such as disaster risk insurance, private sector support etc.
- The Guidelines will reflect regional efforts in upstream preventive policies and initiatives which cover measures that can be immediately institutionalised to support MSMEs in times of crisis, including support programmes to assist MSMEs' recovery and resilience.
- The Guidelines will build upon existing knowledge and relevant guidelines, such as:
  - *Reducing Risk and Building Resilience of MSMEs to Disasters published by United Nations Office for Disaster Risk Reduction (UNDRR) in 2020;*
  - *Enterprise Policy Responses to COVID-19 in ASEAN: Measures to Boost MSME Resilience published by ASEAN and Organisation for Economic Co-operation and Development (OECD) in 2020;*
  - *Guidance for Micro, Small and Medium Enterprises Recovery: In the Wake of COVID-19 Pandemic published by UNIDO in 2020;*
  - *ASEAN Guidelines on Disaster Responsive Social Protection to Increase Resilience published by ASEAN, United Nations (UN) and Asian Development Bank (ADB) in 2021; and*

- Results/ notes from the Economic Research Institute for ASEAN and East Asia (ERIA) webinar series ‘ASEAN MSMEs in a COVID-19 World – Innovation and Skills for the Post-Pandemic Recovery’.

In addition to the main output, namely the Guidelines, the following reports will have to be submitted:

1. **Inception Report**, produced at the inception of the project outlining the conceptual framework and methodology to be used, detailed work plan, management plan, human resources and budget;
2. **Draft survey questionnaire and/or information template** to be sent to AMS for additional information on existing disaster response measures, focusing on enterprise policy responses and not limited to COVID-19 response, at the national level;
3. **Agenda for a Consultative Workshop** to discuss draft Guidelines with the ACCMSME and Relevant Sectoral Bodies;
4. **Consultative Workshop Report**, as applicable, describing the event proceedings, notes and recommendations, if any; and,
5. **Project completion report**, to finalise all project activities completed, capture learning from the project and to handover raw data collected throughout project implementation period

#### IV. Tasks / Activities

Multiple methods may be used to obtain the needed information from AMS (e.g., literature review, desktop research, questionnaire, focus group discussion, and conduct of interviews whether virtual or face-to-face). It is envisioned that a consultative workshop will be conducted which will be facilitated by the selected experts/bidders.

Bidders are expected to propose the necessary work plan to ensure delivery of the desired outputs, considering potential project risks and as it sees fit based on the bidder’s expertise. The bidder should provide details on its approach, specific activities, corresponding number of working days, expected completion dates and person(s) responsible. A summary will have to be presented in the form of a tabulated work plan to indicate the following information:

- Deliverable output or report
- Activities to be undertaken for each deliverable
- Person working days
- Timeline for completion/ target completion date
- Person/s responsible in the team

The eventual project implementation design will be determined in consultation between ASEC, the leading ASEAN Member State, AADCP II and the winning bidder during the inception stage.

## V. Reporting

The consultant is expected to produce reports in accordance with Section III and IV above. The timing of delivery is indicative and can be adjusted when the consultant's work plan is developed, subject to mutual agreement.

| No. | Reports  | Target Delivery Date |
|-----|--|----------------------|
| 1   | Inception Report   | Week 2               |
| 2   | Draft survey questionnaire and/or information template         | Week 3               |
| 3   | Agenda for Consultation Workshop                               | Week 5               |
| 4   | Report for Consultation Workshop                               | Week 12              |
| 5   | Guideline on promoting MSMEs resilience to crisis and disaster |                      |
|     | i. Draft Guidelines  | Week 8               |
|     | ii. Final Guidelines   | Week 15              |
| 6   | Project completion report                                      | Week 16              |

All reports will be submitted based on AADCP II Guidelines for Contractors in draft format to the ASEAN Secretariat, Enterprise and Stakeholders Engagement Division (with a copy to AADCP II) and, following ACCMSME's approval, facilitated by ASEC, in final form. All outputs and reports must be suitable for publication, although the decision on publication lies with the ASEAN.

The contractor will also provide regular (fortnightly, or as agreed with ASEC) summation of activities undertaken and issues that have arisen. These will be submitted to Enterprise and Stakeholders Engagement Division and AADCP II via email.

Financial reports will be submitted at invoicing in line with a payment schedule to be specified in the Special Services Agreement (SSA).

## VI. Project Management

The project will be funded by the ASEAN-Australia Development Cooperation Program II (AADCP II) and managed by the Enterprise and Stakeholders Engagement Division (ESED) of the ASEAN Secretariat, in consultation with the AADCP II Program Planning and Monitoring Support Unit (PPMSU).

The ESED, with oversight support from AADCP II, will be responsible for the overall management of the project. It will work closely with AADCP II PPMSU in the selection of external consultant(s) for the project, in ensuring the timely delivery of planned activities and key deliverables of the project, and in ensuring efficient reporting and disbursement of funds.

ESED will act as the ASEC key focal point for the project. It will, in consultation with the lead ASEAN Member State:

- manage project implementation, and together with AADCP II, monitor progress of the consultancy work;

- provide technical supervision to the project;
- assist/facilitate introductory consultation meetings with key Member States focal points; and
- provide over-all guidance on the presentations and meetings.

The consultant should be responsible for organising and conducting the scheduled activities in collaboration with the leading ASEAN Member State and the ASEAN Secretariat.

AADCP II will monitor progress from the perspective of the use of AADCP II resources, and provide advice to the ESED accordingly.

## VII. Scope of Services

The consultancy will be undertaken over a **maximum period of 60 person-days or 12 person weeks, spread out over approximately 16 weeks or four calendar months** of professional services. Work will commence immediately after contract signing.

The number of person working days or weeks is intended to indicate the amount of relative effort required to deliver the corresponding outputs. The calculation is based on assumption of five person-days per week. Actual time will be agreed in negotiation with the successful bidder.

## VIII. Qualifications

In its proposal the bidder (preferably an entity) should demonstrate experience and availability of the following skills and competencies:

- Advanced degrees in Economics, Finance, Business Administration, Public Administration, Disaster Risk and Crisis Management, and Development Management, or related fields;
- Previous involvement in the preparation of socio-economic studies particularly those related to the design and development of economic and fiscal instruments in support of socio-economic amelioration programs;
- Deep understanding on crisis and disaster management (i.e. disaster risk reduction, prevention and mitigation, preparedness, response and recovery);
- Deep understanding of the development of micro, small and medium enterprises (MSME), particularly policies, issues, and trends relevant to and impacting MSME development, especially in the ASEAN context;
- Proven track record in research, survey, activity design and delivering technical assistance, including effective capacity-building, related to MSME;
- Demonstrated experience in mainstreaming gender (as well as understanding of the gender context in AMS) and social inclusion into socio-economic development programs and plans, particularly in livelihood programs;
- Excellent communication skills for building rapport, facilitating participation and effective presentation of result especially during the stakeholders' consultation workshop;
- Competency in report writing and design;
- Having existing local networks or industry connections in AMS is beneficial;
- Familiarity with ASEAN, ASEAN Economic Community, ASEAN Structure and implementation arrangements for ASEAN Strategic Plans is an advantage; and

- Able to manage multiple parallel activities at the same time, accommodate delays and deliver results in a short timeframe.

A thorough understanding of ASEAN, ASEC and AADCPII procedures will be considered added value.

## IX. Bidding

Interested entities are invited to submit a proposal in response to this TOR. This proposal should be in two parts: Technical and Financial components, to be submitted as two separate documents.

The Technical component should present the following information:

- A brief discussion indicating the bidder's understanding of the needs of the project;
- A brief analysis of key issues;
- A methodological discussion of how the bidder proposes to address those needs including assessment of key issues, analytical strategies that will underline the project, specific techniques to be utilised, and practical discussion of possible limitations in carrying out the project;
- A detailed work plan that specifies activities to be undertaken, expected outputs and deliverables, resources to be utilised and timing;
- Staffing and management plan;
- A discussion on how measures to ensure the future sustainability of the outcomes of the project will be addressed;
- CVs of all proposed experts;
- Brief discussion of firm's past experience in undertaking similar work and brief summaries of all projects undertaken; and,
- Samples in soft copy attached to the application (or website link to samples) of relevant past work/ reports.

The Financial component should specify:

- Professional fees of expert(s);
- Management and/or operational fees (if any), which include all costs incurred by the person/entity/company for internal coordination, communication, travels and any other associated project management cost; and,
- Applicable taxes such as VAT, GST, PPN. See Section IX point 3 for an additional note on tax liability.

Activity costs for experts and participants such as reimbursable expenses for airfare, other travel costs and daily subsistence allowance for workshops, meetings, and all other agreed activities do not need to be included in the Financial Component. These items will be discussed with the preferred contractor during the finalisation of the scope of services. Costs will be based on prevailing ASEC rates.

## X. Submission of Application

Applicants should send their application with a cover letter, materials specified in Section IX above and other supporting documents with “Development of Regional Guidelines on MSMEs Crisis and Disaster Resilience” as the subject via email to [tender@aadcp2.org](mailto:tender@aadcp2.org), no later than **22 August 2021 at 5:00pm, Jakarta time**.

For Frequently Asked Questions (FAQ), please visit <http://aadcp2.org/aadcp-ii-tender-frequently-asked-questions/>

Any queries on the TOR should be sent to [contact@aadcp2.org](mailto:contact@aadcp2.org) with the subject line: “Query: Development of Regional Guidelines on MSMEs Crisis and Disaster Resilience.”

## XI. Additional Notes on Terms and Conditions of the Project

1. Any future studies/reports/analysis in any form of intellectual property rights (including but not limited to patents, copyright and any related rights) submitted by the Contractor to ASEAN arising out of or in connection to the services performed by the Consultant to ASEAN shall belong to ASEC under the name of **ASEAN** only.
2. Successful bidder shall agree to be bound and sign the Special Services Agreement (SSA) with all requirements under the terms and conditions provided therein, including but not limited to the AADCP II Guidelines for the Contractors attached to the SSA.
3. As an intergovernmental organisation, ASEAN shall not be responsible for any tax(es), levy, tax claim or any tax liability which may be imposed by any law in relation to any amount payable by the ASEAN Secretariat.