

Terms of Reference for

Indonesia: INVEST Co-op

Conducting a Feasibility Study for Aquaculture Microinsurance in South Sulawesi, Indonesia

Assignment location: Indonesia

Contract Date: May 20, 2019

Apply by: May 15, 2018

Introduction:

The Co-operative Development Foundation of Canada is seeking a qualified consultant or consulting company to conduct a feasibility study for developing an aquaculture microinsurance product to be piloted in South Sulawesi, Indonesia. The pre-feasibility study will be built on the market research conducted for this purpose which primarily focused on seaweed. The envisioned microinsurance product is intended to contribute to the overall goal of strengthening the aquaculture farmers' risk management system.

A team of CDF Canada, the market research team DEFINIT, and ACA Asuransi will be present to assist with the assignment.

The INVEST Co-op program is a four-year, CDN \$18 million initiative funded by Global Affairs Canada with a CDN \$4 Million contribution from CDF. The program takes an integrated, co-operative approach; benefiting producers by increasing production, productivity and access to markets and financial services in Indonesia, Malawi, Mongolia and Peru. In Indonesia, INVEST Co-op is introducing aquaculture practices that are resilient to climate change and increase quality and yield of production. Support is also being provided to farmers to improve access to financial services and markets through their co-operatives. By training the co-operatives in the seven basic principles (in alignment with the International Co-operative Alliance ICA), the project aims to enable co-operatives to be profitable, sustainable, and to run gender-equitable businesses by strengthening their institutional capacity to serve their members better. Aquaculture microinsurance will also be developed to protect the farmers against financial impact of losses due to weather disturbances. Activities will promote collaboration with governments, private companies, business associations, research institutions, and other stakeholders to strengthen networks and create a conducive environment.

Description of the Assignment:

The assignment will include the following activities:

- Liaise with the project team and local partner to refine the methodology
- Interview the local partners and the market research team for in-depth understanding of the risks associated to seaweed production and microinsurance needs of farmers
- Research on the regulation and policy environment, enabling policies and existing competition that may affect the microinsurance product to be developed and offered

- Assess the technical feasibility of the insurance product development
- Present the result of the feasibility study for further comments and validation
- Prepare and finalize the feasibility study

Key Research Questions:

The feasibility will investigate the conditions related to the following:

Regulation and policy environment

- What are the opportunities or barriers in the current insurance regulation (as well as financial services regulation) that may affect the project? This may include issues related to interalia distribution, commission sharing, reserve levels, reinsurance access, technology, weather data sharing

Supply: formal and informal

- What is the main competition for insurance among farmers (example, status quo)?
- What are the other insurance companies or institutions offering this type of service?
- How are their products (costs/affordability, adequacy for the target segment, service quality)?
- Are there insurers that are interested and capable of serving the target group for the risks identified?
- What is the current expense sharing for similar products if any or for other microinsurance products?
- What are the current rates: savings, lending (formal/informal), inflations?
- What are the actors in the value chain that may be interested in offering insurance or risk management services?
- What are the technical advisory services available to farmers?

Technical feasibility of insurance product development

- Are the partner institutions ready in terms of pre-requisites and tools (human resources, IT system, business plan)
- Are there risks that are not insurable and should be addressed through other mechanisms?
- Is the data available? (budget for production cycle, historical yield data, weather data, remote-sensing data – for the type of product to be developed, e.g. indemnity, index, hybrid)
- How often do these risks occur from historical database? (frequency assessment to check the cost of insurance/risk transfer vs. savings and livelihood income/margins)
- Does the weather data capture the yield variations? E.g., correlation with event type and severity
- Affordability of insurance vs. the margins for the value chain producers
- Who can distribute this product/services to the target population? Validate the co-op system in South Sulawesi
- Reinsurance access and technical capacity plus costs of reinsurance access

Development of the MI product

- Is the risk transfer mechanism a feasible option to address the vulnerabilities described and observed for the seaweed aquaculture value chain players?
- Based on the market research, validate the main risks for seaweed
- What are the seasons during which these risks occur?
- What is the normal/average yield for 1 hectare? What is the variability of the yield across farms?
- What is the yield variation when the main risks occur and the impact on yield of risk occurrence?

- What is the range of harvest a producer can get at the market or wholesaler?
- What are the margins from wholesalers?
- What are the weather data sources in the project region?
- Are there historical yield datasets available for this project area?
- Validate the co-op network in South Sulawesi as the distribution channel for the microinsurance product

Proposed Approach/Methodology:

The approach should be inclusive and iterative, including CDF staff, their partners, and representatives from the target co-operatives to design and implement the project. A combination of document reviews, focus group discussions and key informant interviews should be used in an iterative manner towards developing the aquaculture microinsurance product. The data collected and the methodological approach used should be gender-sensitive in nature, considering such aspects as the time and location of surveys and focus groups, and the gender of the enumerators.

Proposed Timeline and Deliverables:

Timing for this consultancy is critical. The INVEST Program is winding down by end of 2019. As such, it is important to complete the study by the end of June.

Deliverables	Due date	Estimated number of days
Submit proposal and draft workplan	May 15	
Sign contract	May 20	
Document review	May 21	1 Day
Meeting in Ottawa and participation in group calls	May 22-24	3 days
Field immersion plan – with research instruments, research schedule, and data collection tools (In-country)	May 27	2 Days
Field research	May 29-June 16	10 Days
Draft key findings and recommendations	June 21-28	4 Days
Key findings presentation and study validation	July 1-5	4 Days
Final report	July 8	1 day

Consultant(s) Expertise and Qualifications:

- Certified actuary
- Advanced university degree in a relevant field (Masters; PhD)
- Demonstrated professional experience in developing microinsurance products
- Proven experience in designing gender-inclusive studies
- Knowledge of microfinance as it pertains to the co-operative sector
- Educational background in social sciences, international development, gender and development is an asset
- Excellent oral and written communication skills in English
- Demonstrated understanding of the Indonesian culture is an asset
- Excellent analysis and report writing skills
- Ability to travel

CDF Canada encourages local Indonesian consulting teams to apply.

Compensation:

Compensation will be commensurate with experience. Travel and related expenses must be pre-approved and will be reimbursed in accordance with guidelines specified in the contract.

Submissions:

Please send a proposal describing the methodology and a CV outlining key qualifications, fee expectations by **May 15th, 2019**. Only shortlisted candidates will be contacted

Submission to be sent to Jean Roxas at jroxas@cdfcanada.coop
