

Terms of Reference for

Philippines: PREMIUM

Conducting a Feasibility Study for Agriculture Microinsurance in the Philippines:

International Consultant

Assignment location: Philippines

Contract Date: June 15, 2019

Apply by: June 10, 2019

Introduction:

The Philippine Development Plan envisions a competitive, sustainable and technology-based agriculture that characterized by improved food security and increased rural incomes and increased sector resilience to climate change risks. In order to contribute to realizing this vision, the country issued the Agriculture Microinsurance Framework which aims to promote and encourage the provision of simple, affordable and accessible agriculture microinsurance products. The Framework aims to encourage private microinsurance providers to innovate and design products tailor-fitted to the needs of clients dependent on agriculture, as well as promote public-private sector collaboration.

In line with the goals of the Framework, the Co-operative Development Foundation of Canada is seeking qualified consultants to conduct a pre-feasibility study for developing appropriate agricultural microinsurance products for farmers involved in coconut and sugar cane production. The envisioned microinsurance product or scheme should be demand-led and market-based. The pre-feasibility study will focus on one or two crops supported by Project Convergence on Value Chain Enhancement for Rural Growth and Empowerment (CONVERGE) supported by the International Fund for Agricultural Development (IFAD). CONVERGE aims to reduce poverty incidence in target areas of Regions 9, 10 and 11, through the promotion of sustainable livelihoods.

The assignment is a part of Bagong Araw Philippines: **RE**building through **MI**croinsurance and Women's **MI**croenterprises or **PREMIUM** whose goal is to improved economic well-being of women and men affected by natural disaster. One of the outputs made by the project was a calamity-based microinsurance for micro retail shops to enable their owners who are mostly women to bounce back when typhoon strikes.

The output of this assignment is expected to contribute towards expanding the microinsurance offerings to the agricultural sector specifically for smallholder farmers who are susceptible to shocks brought about by natural calamities.

Description of the Assignment:

The International Consultant is expected to work together with the National Consultant in preparing the pre-feasibility study and is expected to perform the following:

- Prepare research methodology, discuss and validate such with the project team and national consultant
- Interview key stakeholders from the government, international development agencies, and target groups
- Interview/Conduct focus group discussions for in-depth understanding of the risks associated to agricultural 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 Mindanao
- 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 agriculture value chain players?
- Based on the market research, validate the main risks for the crops covered in the study
- 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 Mindanao as the distribution channel for the microinsurance product

Proposed Approach/Methodology:

The approach should be inclusive and iterative, including CDF staff, representatives from the target co-operatives, stakeholders from the government and development partners 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 agriculture 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 PREMIUM Project is winding down by end of July 2019. As such, it is important to complete, present and validate the study by then.

Deliverables	Due date	Estimated number of days
Submit proposal and draft workplan	June 10	
Sign contract	June 14	
Document review	June 17	1 Day
Participation in group calls	June 18-21	2 days
Field immersion plan – with research instruments, research schedule, and data collection tools (In-country)	June 24-28	3 Days
Field research	July 1 – 12	13 Days
Draft key findings and recommendations	June 15-19	4 Days
Key findings presentation and study validation	July 22-24	3 Days
Final report	July 26	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
- Demonstrated understanding of the Philippines institutional structures for agriculture and insurance
- Excellent oral and written communication skills in English
- Excellent analysis and report writing skills
- Ability to travel

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 **June 10th, 2019**. Only shortlisted candidates will be contacted

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