**Terms of Reference**

**Assessing the opportunity loss and incentives of the Bangladesh Government for promoting and subsidizing climate risk insurance (non-life such as Flood, Crop, livestock)**

1. **Background of the assignment**

Bangladesh, the largest delta in the world, faces several resilience challenges and suffers from hazards and extreme weather events. Geographical location, land characteristics, the multiplicity of rivers and the monsoon climate render a high vulnerability to natural hazards. Climate change adds a new dimension to Bangladesh by changing the trends of hazard frequency and intensity. Oxfam has been working to build smallholder and landless farmers' resilience through different initiatives one of which is insurance. Evaluations have shown that such initiative have reduced shocks' impacts, increased adaptive capacity and built economic resilience for the women and men. Besides, transferring risks to third parties like insurance companies may help to protect individuals from the loss of income, assets, and livelihoods and facilitate economic growth after the biggest disasters. Moreover, insurance can help ease the government's fiscal burden for disaster prevention and emergency relief and make it more efficient and guaranteed. From our previous experience, we have identified that farmers cannot afford fully the insurance costs, and we believe that it is high time to generate evidence to do advocacy on the government’s role to provide subsidies or support in insurance mechanisms.

1. **Project Description**

The Climate Risk Insurance program of Oxfam in Bangladesh has been an innovative response to the needs of climate-vulnerable communities with emphasis on climate change adaptation, economic risk reduction, gender and women’s leadership, disaster risk reduction and rights and entitlement.

In the last three decades, Oxfam has focused on building resilience to Climate Change, especially by strengthening grassroots communities. Oxfam is trying to achieve this by transferring the financial risk prevailing upon the climate-vulnerable communities' shoulders due to frequent disasters. In a continuation of this, Oxfam and its partners have been developing and piloting several parametric insurance products to transfer this financial risk from the communities to the insurance markets.

In this backdrop, Oxfam found a partner, the United Nations World Food Program (UN WFP), to help develop more affordable, accessible and sustainable insurance products and pilot in the Kurigram district of Bangladesh primarily. The district is vulnerable to riverbank erosion, flooding, erratic rainfall and extreme weather events, like cold spells, heat waves and lack of rain. The partnership started in 2019 and is continuing. Parametric flood insurance has been already designed and implemented for 2,000 households in 2020 and 2021. Oxfam has also developed insurance products for other perils like unforeseeable variances in temperature and precipitation which has the potential in causing loss of winter crops and Boro rice. Most work associated with this initiative was conducted between March 2021- and March 2022 that covers nearly 2000 farmers in the Kurigram district.

Oxfam and WFP aim to continue developing and piloting parametric insurance products aligning with the program policy to bring food security and building resilience for the targeted poor and vulnerable community members from the potential losses from catastrophic disasters triggered by climate change. These products is complementing with the other actions such as “Forecast-based Financing” and “Seasonal Livelihoods Programme (SLP)” taken by WFP to support these communities. Forecast-Based Financing (FbF) supports early preparedness to minimize the loss and damages of disasters, and the Seasonal Livelihoods Planning (SLP) assist to enhance the alternate livelihoods options and understanding of the relationship between seasonality and household economy.

1. **Purpose of the assignment**

Bangladesh is recognized as one of the top vulnerable and/or affected countries by climate change. The government of Bangladesh spends billions of dollars on disaster response along with significant economic losses. From 1996 to 2015, Bangladesh experienced 185 disaster events which resulted in almost 0.732% GDP loss per annum and a $2.283 billion total economic loss. From 2016-to 2020 economic losses due to natural disasters in Bangladesh ranged from 0.8 to 1.1 per cent of GDP[[1]](#footnote-1).

The Intergovernmental Panel on Climate Change (IPCC) has identified Bangladesh as one of the countries that will be hard hit by the anticipated effects of climate change in the coming days. According to the report, there is high confidence that coastal hazards will increase leading to flooding in low lying areas. By 2050, 1 in every 7 people in Bangladesh will be displaced by climate change[[2]](#footnote-2). With high exposure to frequent and high-risk climate and weather events, there has been a heavy emphasis on the need for integrated climate and disaster risk financing to build greater resilience and protect individuals and communities. Though nascent, the importance of Climate Risk Insurance (CRI) as an integrated tool against climate risk is being recognized.

Bangladesh is struggling to allocate more money for disaster risk reduction and response activities and balancing the demand and supply end. Keeping this in mind, Oxfam along with United Nations World Food Programme (WFP) initiated a risk transformation mechanism through mainstreaming climate risk insurance products which can help the government to transfer its financial risks to the private sector stakeholders through insurance mechanism. The study intends to explore the potential of government investment in the climate risk insurance and analyzing the level of reduction of investment in the disaster response operation.

1. **Geographic scope of the study**

This study needs to provide an assessment for the country context considering the overall climatic scenario and overall market system of climate risk insurance in Bangladesh. This study should also address the local challenges for example for the Kurigram district and try to link with the national context. The consultant can and must try to link with global example with the national and local context also.

1. **Objectives of the assignment**

The overall objective of this study is to find the Government’s investment opportunities in the climate risk insurance and explore the premium subsidizing options for the climate vulnerable people. And the specific objectives of this assignment are as follows:

* + - To assess the economic viability and operational feasibility of climate risk insurance products in mitigating climate change-induced financial loss.
		- To assess the return on investment (ROI) on climate risk insurance and compare the traditional response assistance with climate risk insurance programme.
		- To identify the government's existing financial and other relevant support programmes and the government’s scope of work in climate risk insurance by identifying relevant activities of different ministries of GoB and try to link with CRI for supporting these mechanisms.
		- To generate logical reasoning for government to subsidize insurance products/investigate the buy-in of the government to invest in the climate risk insurance sector for reducing the climate-induced risk of marginalized people and identifies government laws that may need to improve for subsidizing insurance products.
		- To identify the future market opportunities of climate risk insurance and also identify the ways of creating enabling environment for the private sector and other relevant stakeholders to support climate risk insurance mechanisms.
1. **Key area/Scope of the study**
* Carry out the literature review (including project documents from Oxfam and WFP) on climatic conditions and associated damage, government financial support mechanism and involved stakeholders, identify and assess the potentiality of climate risk insurance mechanisms for mitigating and adapting the climate change-induced risks.
* Find out climate risk insurance’s potentiality to minimize climate change-induced disaster risks and maximize potential benefits.
* Assess existing climate risk insurance or related interventions by government or other stakeholders and examine their achievements in reducing the risks of marginalized people and providing recommendations for the future.
* Review insurance related policy and legislation of Bangladesh and assess its implications for ensuring government support.
* Carry out a project site visit and collaborate with Oxfam’s field implementation partner to collect primary data and review all available relevant secondary data to establish comprehensive linkage support mechanisms for climate risk insurance.
* Conduct a public consultation process with relevant stakeholders at local and national levels to incorporate their opinions and feedback for finding a sustainable support mechanism for Climate Risk Insurance.
1. **Methodology**

The study will employ focus on mainly qualitative methods and technics to ensure effective data/information collection and efficient use of resources. Data and information will be collected from both primary and secondary sources. For primary sources, Focus Group Discussion (FGD), KII, stakeholders’ meetings/consultations, vulnerability analysis, observation, case study and innovative climatic, economic and social condition assessment tools will be applied for collecting grass-root level qualitative information. Besides, the same process will also apply at the national level to explore the opportunities for the proposed study. And, the literature review will be captured as a secondary source where different relevant documents, laws and legislations and international case studies will be incorporated.

1. **Expected outcomes**

This study outcomes will support to produce a guiding document to protect the public balance sheet and help the government to understand the necessity of adopting climate risk insurance in their adaptation and mitigation strategy. The consultant will prepare the document to organize the required advocacy with the Government line department and ministries to sustainably involve them in climate risk insurance mechanisms.

1. **Expected deliverables and payment**
2. **The required outputs of this consultancy will be as follows:** In below, few deliverables are directly related to payment and few for updates, supporting activities and communications. The consultant should work closely with Oxfam to prepare the advocacy work towards the government: this includes support in the preparation of meetings with government officials from identified ministries.
3. **Up to 40% payment**: An inception report (How the consultant will implement the study) including detailed methodology, data collection plan, reporting outline and timetable shall be submitted after the signature of the contract for review and approval by Oxfam.
4. The outcome of the secondary literature and policy review should be shared after approval of the inception report.
5. Data/information collection tools and outcome of data collection from national and local level stakeholders shall be submitted
6. **Up to 30% payment**: A draft study report and presentation including key findings and recommendations for comments;
7. Feedback should be collected from different stakeholders as well as from Oxfam and WFP after submitting the draft study report.
8. The final report should be submitted after receiving comments from Oxfam.
9. At least three policy papers (related but not limited to subsidy in CRI, government’s role in CRI, the viability and market opportunity of CRI) and should be generated from the outcome of the study and should be submitted) after submitting the final report
10. The consultant should support proofreading for publishing the outcome as well as the policy paper/brief and should also support the dissemination of the published materials.
11. **Rest 30% payment**: Facilitating the study launching event. The consultant should be supporting as a key speaker in the study launching event and will also support in inviting guests from relevant stakeholders.
12. **Consultancy duration:** The entire period of this consultancy including final reporting will be for three months after signing the agreement.
13. **Indicative time frame**

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| **Step** | **Task** | **Duration** |
| 1 | Discussion with Oxfam and WFP team and Study design | 1 day |
|  | Inception report including detailed work plan  | 3 days |
| 2 | Desk research, policy review, analyse of the distribution model and identify relevant stakeholders | 6 days |
| 3 | Field consultation (FGD), KII with relevant stakeholders (national+local including insurance companies, regulatory authorities, academia, business association, banks,), and meeting with relevant Government agencies, donors, and development peers | 12 days |
| 4 | Drafting of the stocktaking report | 3 days |
| 5 | Organize two validation workshops (based on the preliminary report) including engagement of relevant stakeholders, and logistic arrangements  | 3 days |
| 6 | Brainstorming session with Oxfam, WFP and three experts from the industry (engaged by the consultant) for measuring opportunity loss, other incentive schemes of Government, scopes of private sectors, Roles of regulatory authorities, Recommendations and Way forwards | 3 days |
| 7 | Finalisation of the assessment report including review time from Oxfam and WFP | (3+2) 5 days |
| 8 | Develop policy strategy document (internal resource only-to identify next steps of advocacy/influencing) including 03 policy briefs to be published 500 copies with dissemination plan | 6 days |
| 9 | Proofreading for publishing policy brief | 1 day |
| 10 | Assisting in inviting guests and presenting the findings of the study during the study launching event.  | 2 days |
| TOTAL WORK DAYs | 45 days  |

1. **Confidentiality of information:** All documents and data collected will be treated as confidential and used solely to facilitate analysis. Interviewees will not be quoted in the reports without their permission.
2. **Guideline for proposal submission**

The technical proposal should comprise the following sections and be given a page limit along with a sample write up of a maximum of 2 pages and a copy of any similar work.

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| --- | --- |
| **Topic**  | **Maximum Page Limit** |
| **Technical Proposal** |
| Cover Page  | 01 Page |
| Table of Content  | 01 Page  |
| Understanding of the study- Background, Objectives, scope and key question etc. (Not just copy and paste from the ToR) | 02 Pages |
| Proposed Methodology | 02 Pages |
| Experience in leading relevant evaluation work (Provide at least 2 examples of similar work, agency and time of conduction) with 02 references | 01 page  |
| Work Schedule ( divided into the week) | 01 page |
| Team composition along with its rationale (CV in annexes) | 01pages +CV |
| Any other relevant information (if required only) | 01 page  |
| **Financial Proposal** |
| * Detailed Budget including unit cost, No, Frequency ( if applied), Explanation (where required for clarity)
* Consultancy days and fees (days should be mentioned for key members of the team) Travel and accommodation
* Any other expenditure (please mention nature of expenditure) 15% VAT and 10% Tax (please calculate the total budget with VAT and Tax)
* Total amount
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1. **Qualification and experience required**

**The Consultant should have at least the following qualification:**

* The applicant must be an individual or an institution/organization holding the necessary legal status to work in Bangladesh.
* The team lead should have a master’s degree/PhD in equivalent fields having at least 15 years of experience in the related field;
* Team members should have work experience with insurance sector, financial organizations, development projects (relevant) and relevant Government agencies at least for five years
* Team members should have experience in research, policy development, advocacy and influencing and should have sufficient knowledge in development partners assisted projects specific policies and procedures on climate financial and environmental safeguards especially experience in preparation of climate finance screening and assessment reports of the different donor-funded projects;
* Knowledge of research in governmental budgets and social safety net support mechanisms will be an added advantage.
* Good communication skills and analytical ability;
1. **Evaluation process**

The selection committee will evaluate both the technical and financial proposals of the consultants/ firms based on set out evaluation criteria as follows. A cumulative weighted-scoring method will be applied to evaluate the proposal. The award of the contract will be made to the consultant/ consulting firm whose offer has been evaluated and determined as responsive/ compliant/ acceptable with reference to this TOR.

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| **Evaluation Criteria** | **Weight** |
| **Technical**  | 70 |
| ***1. Expertise of the consultants/ consulting firm/ organization*** |
| Understanding of the TOR | 20 |
| Strong skill and expertise in carrying out a relevant assignment (based on provided evidence) and team composition including management structure and qualifications of key personnel  | 30 |
| ***2. Methodology and work plan***  |
| Appropriateness of methodology including data quality assurance and management  | 20 |
| **Financial (detail budget)** | 30 |
| **Total** | 100 |

1. **How to apply**

The individual/ firm must submit the following documents at **admin-hrd@gukbd.net** along with the Technical & Financial Proposal (including VAT and TAX) separately:

1. **For Consultancy Firm**
* Maximum 2-page Firm profile highlighting related assignment completed with client name, contact person and contact number
* Lead Consultant’s (who will lead the assignment) Maximum 2-page CV highlighting related assignment completed, role in the completed assignment
* Other Team members (who will be involved in the assignment) one paragraph short CV highlighting related assignments completed and role
* Firm’s Certificate, TIN and VAT registration
1. **For Individual Consultant**
* Maximum 2-page profile highlighting related assignment completed with client name, contact person and contact number along with detailed CV
* TIN certificate and any other relevant document (if necessary)
1. **General terms of condition**
* The proposed study needs to be completed in 4 calendar months beginning on the date of signing;
* The individual consultant/consulting organization will receive the research grant (including Tax/VAT) in five equal instalments as follows: the first within 2 weeks of commencement of the grant period; second on receipt of a progress report within two months of the grant period; third on submission of the draft research paper followed by an in-house presentation in front of OiBD; fourth on submission of a revised version based on comments given by independent reviewer(s); and the fifth once the final revised version is eligible for publication.
* Individual consultant/consulting organizations will be payable for all travel (both national and international) and other arrangements under this contract. OiBD will take no responsibility to make any logistic arrangements;
* All payments mentioned above shall be only in Bangladesh Taka payable only within Bangladesh;
* During this grant period individual consultant/consulting organizations will be expected to observe and uphold OiBD’s Code of conduct and values, which is available on our website;
* All soft and hard copies of the assignment will be treated as the property of Oxfam
* In any circumstances, the consultant shall have no opportunity to alter the timeline and planning of data collection and submission of the first draft and final report.
* The consultant/consulting organization must maintain the standard quality in data collection, processing and reporting
* The consultant shall have the responsibility to rewrite the report, modify sections until the satisfaction of quality required by Oxfam.
* In case of any deviation, Oxfam shall have the right to terminate the agreement at any point of the project.
* Consultant/consulting organization shall be bound to pay back the full money to Oxfam given as advance of payment in case of any deviation, dissatisfaction of quality and other points mentioned in the agreement.
* Oxfam GB will deduct withholding tax from the consultancy fees which will conform with the prevailing government rates.
1. **Application deadline**

The final deadline for the application is 22th May 2022.

1. https://www.lightcastlebd.com/insights/2021/09/can-climate-risk-insurance-shield-bangladesh-from-environmental-perils/ [↑](#footnote-ref-1)
2. https://www.lightcastlebd.com/insights/2021/09/can-climate-risk-insurance-shield-bangladesh-from-environmental-perils/ [↑](#footnote-ref-2)