



## INSURANCE TOOLKIT Technical tool

# Model terms of reference for the selection of a service provider for: Technical assistance in the development and implementation of agricultural insurance in [country]

## The purpose of this tool

These are model terms of reference (ToRs) for use by project designers and implementers in development organizations and governments. The objective of the ToRs is to support the contracting of a specialized service provider to technically assist in the implementation of agricultural insurance within a development project. This will include the insurance scheme development and rollout. The ToRs include an outline of the required steps and processes, a timeline and a list of deliverables, together with information on the profile of the service provider or team of experts.

The ToRs are part of a toolkit provided by the INSURED programme (Insurance for Rural Resilience and Economic Development), which is generously financed by Sida (the Swedish International Development Cooperation Agency). Before use, the ToRs should be tailored and adapted to the project and context.

## When and how to use the ToRs

The ToRs are for use by project management teams where insurance has been identified as a risk-management option, and a feasibility study has already been completed (see ToRs for feasibility study). **If a project plans at the outset to support follow-up actions after a feasibility study, the two sets of ToRs can be combined into overall ToRs with two phases: feasibility and implementation.** The approach will depend on the information that is known prior to the feasibility study, and the time available for insurance activities. Combining the two sets of ToRs ensures consistency, with one provider from feasibility to implementation, and reduces contracting processes, as well as any downtime between the two phases.

# THE TORS

## 1. Background to the assignment

These ToRs are to invite service providers to apply to undertake development and implementation of [insert type or focus of insurance] within the context of the [insert project or programme title] implemented by [insert implementing agency] in [insert country].

### 1.1 Project background and context

Points to include:

#### Project overview

- Name of project.
- Implementing ministry and financiers.
- Brief narrative explaining overall programme goal and development objective.
- Brief narrative outlining project components and their expected outcomes.
- Target groups and targeted areas of intervention.

#### Relation of insurance to the project

- Specification and details of the component, subcomponents, activities and target groups to which the potential insurance activities relate, including corresponding outcomes and outputs.
- How insurance is expected to support the project objectives and the activities with which it is combined.
- Key implementing partners and/or institutions that are to be involved in the management and implementation of the insurance activities.

#### Feasibility study findings and recommendations

Outline the background and context in relation to agricultural insurance.

[Describe the current situation regarding the provision of agricultural and climate risk insurance to smallholder farmers in the country, including recent developments, gaps and opportunities. Refer to the feasibility study, if carried out as a prior, separate step.]

### 1.2 Overview of the assignment

Based on the results and recommendations of the feasibility study, a technical service provider is sought to support development and implementation of insurance solutions within the context of [insert project name] for [insert focus: target group, crop, livestock, value chain, location].

The service provider will give technical assistance and operational support to relevant institutions in product and scheme design and operation, or scheme adjustments if this is the focus following feasibility. This will include all activities required to ensure a high level of adoption of the insurance product. For example, partnership set-up among key actors, awareness creation, rollout of the education programme among key actors, product operation, marketing, capacity-building of institutions involved, collaboration with farmers in order to put in place strategies and plans for

mobilizing funds for payment of premiums, and monitoring and adjustments [change as needed].

The focus should be on creating a sustainable solution that is valuable for all stakeholders involved, including, importantly, for clients/beneficiaries. Factors related to gender, youth and other vulnerable groups should be considered, and proposed designs and improvements should take account of the needs of diverse groups and support their access, as appropriate.

It is important to take account of the ways in which other project interventions and components (such as market and financial access, farm record-keeping, input distribution and other de-risking activities) link with insurance. The service provider should factor in the contribution of such interventions and stakeholders to the successful operationalization of an insurance scheme, and, at the same time, keep in mind the contribution of insurance in making other project components successful and resilient.

Premiums will not be financed under this contract, so premium payment modalities and arrangements should be set up with this in mind [or replace with premium support arrangements under the project, including percentage covered by the project and over how many years/seasons].

It is expected that the service provider would provide this support in the set-up and then during implementation of the scheme over [number of crop cycles; or number of years if not seasonal].

## 2. Scope of work and activities

Building on a comprehensive and completed feasibility phase, the service provider will carry out the following key activities during implementation, in cooperation with one or more insurers and relevant insurance stakeholders [to be named where these have been identified by the feasibility study, or types of institutions mentioned].

- Design or adjust the specified insurance product, develop (or adapt existing) terms and conditions, and propose policy wording.
- Create partnerships with one or more insurers and relevant delivery channels.
- Support reinsurance negotiations and relationships.
- Support dialogue with regulatory supervisory authorities to achieve required approvals, including through the creation of technical notes and contractual documents relating to the proposed scheme.
- Set up administrative processes and procedures to implement the new or improved insurance scheme.
- Design a marketing campaign and information/financial education strategy and materials for the new scheme.
- Develop a monitoring-and-evaluation (M&E) tool or system and metrics for the insurer to track progress internally.

### 2.1 Deliverables, timeline and payment schedule for the implementation phase [to be completed]

Deliverables	Estimated deadline (on or before)	Payment %
Work plan		
Report on insurance product and set-up for the introduction of the insurance scheme		
Outline of marketing campaign and information strategy and materials		
End-of-season [or year] report		
Final report for implementation phase		

- Monitor and evaluate progress of insurance scheme implementation during each season [or year] of implementation.
- Build capacity of insurers and/or related partners, such as delivery channels, in specific skills as required.
- After each season [or year] of implementation, based on client feedback, data and product performance, analyse results and adjust insurance scheme, processes and product as necessary.
- Work closely with the national insurance sector and other relevant stakeholders in the country.
- Liaise and cooperate closely with the [insert project name] and partners [insert any partners or institutions as relevant].
- Document, report and disseminate information and lessons learned to stakeholders in [insert project name].
- Support the implementation of any other activity recommended under the feasibility study as a prerequisite for successful operationalization of an insurance scheme for the project.

The reports and documents will include, at a minimum, the information detailed below.

- **Workplan:** The workplan for the implementation phase will build on the final consolidated feasibility study, specifically for the recommended actions. It will provide a detailed schedule for the tasks to be undertaken, and a description of the activities to be implemented and the deliverables. It will include any changes recommended to the proposals made in the feasibility study, with justifications. The plan will also contain a detailed description of the methodology to be used to analyse the results of the insurance scheme after the first cropping cycle [or production year], with a special focus on the household research (including sampling methods, questionnaires and data collection tools). In the interests of neutrality, it is good practice to subcontract this process to an M&E institution or individual consultant. The roles and responsibilities of each member of the implementation team will also be stated in the workplan.
- **Report on the insurance product and set-up for the introduction of the insurance scheme:** The report will present the finalized insurance product for operation. It should also include the policy wording, with all terms and conditions of the product. Within the report, the service provider will outline the model proposed for the delivery of the insurance scheme, and the insurance and delivery channel partners. It may already include memorandums of understanding (MoUs) with key partners, or these may need to be signed subsequently. MoUs should state the purpose of the agreement, foreseen roles and responsibilities, and in-kind or cash cost-sharing as relevant. The report will also outline all the steps needed to make the insurance scheme operational, for example whether and how the IT system of the insurer will be modified to accommodate the new insurance scheme. Finally, it will contain all the forms that are required throughout the customer journey (e.g. application form, claim form).
- **Outline of the marketing campaign and information strategy and materials:** The service provider will prepare the concept, rollout strategy and institutional responsibilities for a marketing and awareness campaign for the insurance scheme. The materials that are to be used in the campaign (e.g. flyers, leaflets, radio jingles) will be created by [specify: the team, a third party hired by the team, or by insurers or partners].
- **End-of-season [or year] report:** At the end of the season [or year], the service provider will report on progress with the implementation of the scheme and make recommendations for the next season [or year]. The report will include sales figures and claims. The service provider will analyse all costs involved in implementing the insurance scheme and assess whether the costs involved are in line with assumptions made during the calculation of premiums or, conversely, whether premium costs need to be modified to improve coverage. Information should be provided on the performance of the insurance product and any issues with accuracy. The service provider (or subcontractor) will analyse the results from field research carried out at the end of the season to assess the value of the insurance product to the client. They will also detail any capacity-building activities

that have taken place or are planned. Based on all these factors, the end-of-season report should highlight any successes and challenges with both the product and the scheme, and make recommendations on how to resolve them in the next season [or year] of implementation. The service provider will be responsible for presenting the key findings of the report to all actors involved in the operationalization of the insurance scheme.

- **Final report for the implementation phase:** The final report should highlight all the key activities, lessons and recommendations from the course of the contract. It should highlight what has been done to ensure sustainability of the scheme and build the capacity of insurance and distribution partners, and include recommendations and cost scenarios for achieving further scale and sustainability. The lessons learned should be disseminated to target audiences agreed with the project staff. The final report will factor in the findings and recommendations from any independent assessments carried out by subcontractors [insert specifics and agency carrying out assessments].

### 3. Service provider profile

#### 3.1 Competencies and expertise

The service provider should have:

- A proven track record of working with local insurance companies on the rollout of agricultural insurance schemes.
- Experience in formulating, operating and managing agricultural insurance solutions for smallholder farmers.
- Demonstrated capacity to implement agricultural insurance schemes in a country relevant to this assignment, preferably in [insert country] or countries with similar agricultural characteristics in [insert region].
- Experience in value chains relevant to this assignment, such as [insert crop] or crops that have similar production patterns.
- Ability to develop sustainable business cases for agricultural insurance.
- Demonstrated capacity to carry out field research and develop insurance products based on clients' needs and demands.
- Ability to analyse farm household economics, develop farm budgets and profit margin calculations, and to assess the impact of agricultural shocks on farmers' incomes.
- Proven capacity to conduct actuarial analysis and agricultural insurance product development in countries with a similar climate and crop composition.
- Capacity to design customer journeys suited to rural settings and the living circumstances of smallholder farmers.
- Ability to form partnerships with local insurance companies and to create a collaborative working environment through partnerships.

#### 3.2 Implementation team composition

The recommended team composition is as follows.

##### Agricultural insurance expert/Team leader (international)

Academic qualifications: the expert must have a postgraduate degree in one of the following: economics, business management and administration, political sciences, development, international affairs; or in a related equivalent subject.

Minimum technical competencies and experience requirements:

- 10 years' experience in agricultural insurance in similar contexts.
- 5 years' experience in leading teams of experts in the area of agricultural insurance or similar assignments.
- 5 years' experience in conducting risk exposure and demand analysis at the household level.
- 5 years' experience in the area of stakeholder communications and consensus building.
- Professional knowledge of English.

Desired skills and experience: previous experience working in the country or in similar contexts.

##### Actuary and data analysis specialist (international)

Academic qualifications: the expert must have a postgraduate degree in actuarial science, statistics, mathematics or in a related equivalent subject.

## What is INSURED?

These model ToRs are part of a toolkit produced with funding from INSURED (Insurance for Rural Resilience and Economic Development), a technical assistance programme working to integrate agricultural and climate risk insurance into the IFAD portfolio. INSURED is generously financed by Sida (the Swedish International Development Cooperation Agency) and managed by IFAD through the multi-donor Platform for Agricultural Risk Management (PARM). The Insurance toolkit is a public good provided for governments, donors and development partners. It contains technical tools to be used in project design and implementation, and knowledge briefs on issues related to inclusive insurance.

A Word file of these ToRs is available on request.

## CONTACT

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## READ MORE

[www.ifad.org/en/insured](http://www.ifad.org/en/insured)

[www.ifad.org/insurance-toolkit](http://www.ifad.org/insurance-toolkit)



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Minimum technical competencies and experience requirements:

- 7 years' actuarial analysis experience.
- 4 years' experience in working with agricultural insurance products.
- Professional knowledge of English.

Desired skills and experience: previous experience working in the country or in similar contexts.

### Rural finance and insurance expert (national)

Academic qualifications: the expert must have a postgraduate degree in one of the following: economics, business management and administration, political sciences, development, international affairs; or in a related equivalent subject.

Minimum technical competencies and experience requirements:

- 7 years' experience in rural and agricultural finance.
- 4 years' experience in setting up delivery mechanisms for financial products in rural areas.
- Professional knowledge of English; working knowledge of languages spoken in the country is an asset.

Desired skills and experience: previous experience working in agricultural insurance is an asset.

### Agronomist (national)

Academic qualifications: the expert must have a postgraduate degree in economics, agronomy or rural development, or in a related equivalent subject.

Minimum technical competencies and experience requirements:

- 7 years' experience in agriculture and rural development.
- 4 years' experience in managing risks along the value chain.
- Professional knowledge of English; working knowledge of languages spoken in the country is an asset.

Desired skills and experience: previous experience working in the relevant value chain is an asset.

The service provider may propose a different team composition (and a different split between local and international experts) as long as all the required expertise is available within the team. In addition to these core experts, the Contractor is expected to present a pool of short-term experts (in areas such as meteorology, IT systems, marketing campaigns) required to fulfil specific sub-tasks.

## 4. Documents to be submitted by the service provider

A technical proposal from a service provider should contain the following.

- A summary of the organization or company.
- A detailed description of the proposed methodology for carrying out the services described in the ToRs.
- Evidence of how the organization or company meets the requirements listed in section 3, to include:
  - Summary of relevant experience.
  - Evidence of relevant experience in the form of contracts, reference letters, etc. (at least 3 services carried out in relevant regions and activities).
- Details of the proposed team, together with their CVs, their assigned roles and evidence of how they meet the minimum requirements listed above.

## 5. Annexes to the ToRs

- Project design report.
- Feasibility study [if carried out separately].
- Additional resources, if relevant.