

**RFP FOR
(MICRO)INSURANCE MARKET SYSTEMS ANALYSIS STUDY
FOR AGRICULTURE, LIVESTOCK & ANY POTENTIAL
SECTOR OF BANGLADESH**



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We are a leading organisation for the implementation of international development projects. We promote inclusive economic, social and ecological development to make an effective contribution towards sustainable and widespread prosperity in developing and emerging economies.

Swisscontact - Swiss Foundation for Technical Cooperation, is headquartered in Zurich and was founded in 1959 by leading figures from the Swiss private sector and Swiss universities. It is exclusively involved in international cooperation and since 1961 has carried out its own and mandated projects. Swisscontact currently employs over 1,400 staff worldwide and currently manages projects in 38 countries on behalf of public and private donors. Swisscontact is registered as an international non-governmental organization (INGO) in Bangladesh under NGO Affairs Bureau, Government of the People's Republic of Bangladesh.

Background of BMMDP

Bangladesh, an agriculture-based economy, is extremely susceptible to climate change. Extreme weather events (flood and cyclones) devastate agriculture production, particularly in the northern and southern regions of Bangladesh. Though the agriculture sector contributes around 14% to the GDP, it employs about 40% of the labour force (Bangladesh Economic Review 2019). Therefore, extreme weather events not only pose a threat to the economy but threatens the livelihoods of almost half the labour force population.

According to the Household Income and Expenditure Survey 2016, the poverty rate in rural areas is 26.4%, while urban poverty is 18.9% with the overall extreme poverty rate at 12.9%. Smallholder farmers are especially vulnerable to climatic shocks induced poverty with their limited savings and coping strategy. Extreme weather events often force farmers to adopt negative coping strategies such as reducing expenditure on food, borrowing at high interest rates or selling off productive assets, which further reduce their resilience to cope with future shocks. The limited coping strategies force farmers to adopt a 'low investment-low return' policy to reduce their risks of crop loss and limit their capacity to specialize in income-generating activities with a higher risk profile.

To build resilience against shocks and foster rural poverty reduction, there is a need to stimulate growth and commercial production in the agriculture and livestock sectors. Building the capacity of farmers on specialized income-generating activities in agriculture and livestock is likely to foster commercialisation. Along with the need for access to inputs, technology and information, there is a strong need for access to financial services that increase farmers' investment capacity and minimize ex-post risks.

The Bangladesh Microinsurance Market Development Project (BMMDP), also known as Bangladesh Agricultural and Disaster Insurance Programme (BADIP), is mandated by the Swiss Agency for Development and Cooperation (SDC). BMMDP envisions fostering inclusive growth in the agriculture and livestock sector in Bangladesh through agriculture and livestock insurance along with risk-reducing embedded extension services. In Phase 1, BMMDP works with two partners to design, pilot and roll out affordable crop and livestock insurance products and identify distribution channels for rice, maize, potato, vegetables, beef-fattening and other livestock and poultry related activities, with a target for reaching at least 633,000 insured farmers by 2024. Swisscontact is acting as the Managing Agent (MA) of the project and wants to have a better understanding of the microinsurance market with particular focus on agriculture and livestock and to come up with systemic interventions under BMMDP's current phase and possibly for future phase(s).

Context

BMMDP phase 1 is divided into three components; Swisscontact as the MA is assisting SDC in overall coordination, monitoring, and management of all these project components.

Component 1: Crop insurance pilot implemented by SFSA Bangladesh

Under Component 1, Syngenta Foundation for Sustainable Agriculture Bangladesh (SFSA-B) is responsible for developing appropriate weather index-based crop insurance products and insurance business models with distribution channels, such as crop input suppliers, contract farming processors and traders, and MFIs; raising awareness to local risk carriers (insurance companies) in crop index insurance and their business potential; partnering with Swiss Re and other reinsurers in product development and risk pricing, and contributing to the knowledge creation and evidence gathering to improve the knowledge and capacity of public and private insurance stakeholders.

Component 2: Livestock risk mitigation pilot implemented by PKSF

Under Component 2, Palli Karma Sahayak Foundation (PKSF) is responsible for developing appropriate financial and non-financial livestock (cattle) risk mitigation services, expanding and diversifying the livestock mortality risk mitigation operations by the better performing partner organizations (PO) and testing models that would make provision for commercially viable and sustainable livestock extension services. BMMDP will facilitate PKSF in institutionalizing its livestock insurance scheme by operationalizing its insurance unit, conceptualizing sustainable business models, building the capacity of PKSF and its PO in scaling up beef-fattening

mortality insurance operations and diversifying into dairy cows, goats, and poultry. The POs alone and/or in association with public and private entities will offer awareness-raising sessions, training on good farming practices, and animal healthcare services to livestock farmers to make them resilient against weather and disease shocks.

Component 3: Capacity Building of Insurance Sector Stakeholders in Bangladesh

Under Component 3, the MA/Swisscontact (SC) is responsible for complementing the existing project interventions on crop and livestock insurance/risk mitigation by creating a more enabling environment. Besides, it will explore the potential insurance market (new partnerships, models, distribution channels, products) under the systemic market development perspective for the further evolution of BMMDP. The intention is to gather and disseminate knowledge through various means, such as conducting regular context analysis of the agricultural insurance sector, performing research/action research, analysing regulatory framework, and sharing the gained knowledge with wider stakeholders.

Objectives

The objectives of this study are to better understand the recent developments and contextual changes in the microinsurance market (demand and supply side factors, the relevant stakeholders, support functions, regulations etc.) with particular focus on agriculture, livestock and any potential sector emerging. The study also aims to identify appropriate technical approach promoting microinsurance market system in Bangladesh under BMMDP programme. The study will help to come up with possible recommendations to adapt within BMMDP current phase and for designing the upcoming next phase. The study also aims to identify underlying systemic constraints, possible incentives for relevant stakeholders and subsequently to come up with systemic interventions under BMMDP current phase and possibly for future phase(s) of the project.

To support us to reach these objectives we are looking for a consultant/consultancy firm that will undertake the following key tasks:

Tasks

- Revisit the microinsurance market context in the field of agriculture (crop and livestock) and identify new developments in donor landscape and potentials of synergies with BMMDP, new actors and stakeholders
- Identify the recent developments at the public-private (enabling, support) roles in microinsurance market and prospects of their engagement in BMMDP to improve the market function.

- Identification and analysis of key functions within the microinsurance core market systems and interconnected market systems;
- Analyse the technical modality of the current ongoing two components of BMMDP – crop and livestock, and recommend possible adaptations from the lens of market sustainability
- Identify possible strategies as medium and long-term priority for institutionalization and anchoring of two components - crop and livestock
- Identification of the support functions and interconnected market systems;
- Identification of underlying systemic constraints contributing to the underperformance of microinsurance service market for the intended target group;
- Identification of the policy/regulatory constraints/informal norms contributing to the underperformance of the microinsurance market system and suggest reformation needs as immediate priority;
- Preparation of the problem tree;
- Explore and identify additional emerging sector(s) apart from crop and livestock for BMMDP portfolio growth (ongoing and next phase)
- Recommend technical design for phase-2 of BMMDP
- Analysis of the microinsurance market systems for agriculture and livestock sectors, wholesale and retail sector Small and Medium Enterprises (SMEs);
- Understanding the incentive and disincentive mechanism for different actors within the microinsurance market system.
- Identification of systemic intervention areas for the identified root causes in the microinsurance market systems and interconnected market systems.
- Propose possible interventions for the project prioritized as per immediate priority, medium term priority and long-term priority.

Deliverables

The consultant/consultancy firm is expected to deliver key deliverables at various stages of undertaking this assignment.

- An inception report with detailed activity plan, study area, and methodology including data collection and assessment tools/approaches;
- A draft report comprising analyses of the selected market systems as mentioned under the key tasks as well as three sets of interventions for the project prioritized as immediate priority, medium term priority and long-term priorities;
- A debrief to the Embassy of Switzerland
- A final report (with an infographic on the findings) after integration of feedbacks from the Embassy of Switzerland and the managing agent - Swisscontact;

- A final presentation on the findings of the analysis to all the technical partners (crop, livestock).

Requirements

This assignment is expected to require multidisciplinary expertise (e.g. Market Systems Development, Financial sector/Insurance sector/micro insurance sector, Agriculture, livestock and SME sector). Hence, interested bidders may form a consortium for meeting the diverse requirement of the assignment with ideally 3 consultants covering the required expertise. The consultancy firm/consortium should meet the following qualifications:

- At least 15-year experience in carrying out market systems analysis and subsequently design/propose systemic interventions for market development projects;
- At least 10-year experience of working with financial sector preferably with insurance/microinsurance sector;
- Familiarity with Agriculture and livestock sector work would be regarded as an added advantage;
- Familiarity with Bangladesh context is desirable;
- Familiarity with established assessment and analytical tools (e.g. market systems analysis, value chain mapping, women economic empowerment, political economic analysis, environmental impact assessment);
- Proven track record of completing similar assignments;
- Experience working with multidisciplinary and multicultural teams;
- Ability to work under pressure and meet deadlines;
- Excellent analytical, writing and reporting skills with a proven record of synthesizing; (extracting/summarizing) solutions/key findings.
- Good understanding of monitoring and results measurement frameworks for M4P project for being able to credibly suggest systemic interventions.

Reporting

The consultant will work collaboratively with the Coordinator, BMMDP and will report to the Team Leader of BMMDP team of Swisscontact Bangladesh.

Proposal submission requirements:

All bidding consultants/firms are required to submit the following:

- A technical proposal (Maximum 5 pages) showing understanding of the assignment, proposed methodology, assessment tools, timeline with activity plan and deliverables, key staff/consultant profiles, roles and individual time to be spent in the assignment;

- The technical proposal must include the level of engagement (LoE) and expected fee rates for the proposed consultants;
- A summary of relevant services (particularly market systems analysis, if any) provided during the last 10 years;
- Submission of an organizational profile (if applicable), with the CVs of key personnel who will be involved in the assignment;
- A list of the existing clientele of the organization;
- The bidding organizations must submit documentary evidence demonstrating their legal, taxation and financial status.

documents to Email: bd.bmmdp@swisscontact.org by **March 06, 2021** before 5 pm (Bangladesh Standard Time).

BMMDP programme reserves the right to accept or reject any or all proposals/ application without assigning any reason whatsoever. Please note that if any applicant does not meet all the above requirement, the application will be disqualified without further evaluation.

Proposal Evaluation

The bidder is required to submit a technical proposal. The technical proposal should include the information requested in the previous section of the RFP.

Selection criteria

While the exact set of criteria will usually vary based on the nature of the assignment, the following criteria are generally applicable for evaluation of the potential consultant/firm:

- Understanding of the assignment
- Professional capacity to carry out the assignment (relevant skills, knowledge);
- Relevant experience in similar projects and/or in the sector;
- Adequate resource pool (human and financial), ability to mobilize adequate human resources;
- Established networks relevant to the assignment;
- Experience of working with similar projects;

The following evaluation method will be applicable for the evaluation of the proposal:

- Quality based evaluation will be applied by an evaluation team comprising of members of the BMMDP project and Swisscontact, Bangladesh country office
- The technical part of the proposal will be taken for the evaluation and ranked based on obtained score for the proposals.
- The bidder achieving the highest score in the proposal will be awarded the contract, provided both parties reach an agreement on the final budget in compliance with VfM tenets of SDC/SC. If there is no agreement on the final budget, then the bidder with the second highest score will be considered for negotiation.

Submission Details

Interested bidders should submit the electronic copy of technical and financial proposals; and other necessary