

## **TERMS OF REFERENCE FOR CONSULTANTS**

1. The knowledge and support technical assistance (TA) will enhance financial resilience to disasters triggered by natural hazards, epidemics and pandemics, in selected developing member countries (DMCs) of the Asian Development Bank (ADB) including some of the poorest ones. It will (i) assess the enabling environment for disaster, epidemic, and pandemic risk financing in Cambodia, Kyrgyz Republic, Pakistan, and the Philippines and carry out regional knowledge sharing events in Central-West, South, and Southeast Asia as the basis for developing comprehensive risk financing frameworks; (ii) scope two disaster insurance products in Nepal; and (iii) carry out a disaster public expenditure and institutional review in Nepal. The TA will employ services from individual international consultants and individual national consultants to produce and administer three linked outputs of the TA.

### **I. Output 1: Frameworks for disaster and pandemic risk financing developed**

#### **A. International Consultants**

2. **Lead and insurance specialist (international, 6 person-months).** The expert should have a master's degree in finance, economics, statistics, actuarial sciences, or equivalent, preferably with 12 years of international experience in insurance and reinsurance, including strong knowledge and understanding of the market and of related policy aspects, regulation, and supervision. The expert must have sound experience in similar projects in developing countries, preferably in Asia and strong writing and communication skills. In particular, with support from the international and national consultants, and in consultation with ADB team leaders, the expert will lead the following activities:

- (i) Expand an existing diagnostics methodology and related guide for assessing the current landscape and enabling environment for disaster risk financing (DRF) in ADB developing member countries to cover epidemics and pandemics.
- (ii) Lead the conduct of four country enabling environment assessments using the expanded methodology, including coordination of the output 1 consultants.
- (iii) Assess insurance, reinsurance and insurance-linked securities aspects of the enabling environment for risk financing in the four focus countries, with a particular focus on property and sovereign parametric products. The assessment should include a review of existing disaster risk transfer products and their pricing underwriting, reserving, and claims administration practices; an examination of the insurance and reinsurance policy, regulatory, and supervisory context, including potential barriers to the development of DRF instruments; an exploration of the potential appetite for and technical feasibility of introducing innovative DRF products, such as parametric products and insurance-linked securities, examining the merits and pre-requirements for their establishment, ongoing administration, claims management, and liquidation cycles; a review of the terms and conditions of reinsurance contracts and program structures; conduct of discussions with industry and government officials on the potential for introducing DRF solutions through public-private partnerships; an assessment of existing and potential pooling and captive arrangements; an assessment of outstanding gaps and needs, including capacity development requirements; and recommendations on actions to strengthen the enabling environment and increase the availability and uptake of disaster insurance cover, including regulatory safeguards and enhanced risk management techniques with a solid foundation of solvency and consumer protection.
- (iv) Lead the presentation of preliminary country findings and recommendations to national stakeholders.

- (v) Lead the preparation of the country reports and contribute sections focusing on measures to strengthen the insurance, reinsurance and insurance-linked securities aspects of the enabling environment for risk financing based on findings of task (iii).
- (vi) Contribute to the dissemination of TA outputs at national and regional knowledge events.
- (vii) Assist the ADB team leaders as requested.

**3. Public financial management specialist (international, 3 person-months)**

The specialist should have a master's degree in finance, economics, statistics, actuarial sciences, or equivalent, with at least 8 years of relevant experience in public financial management in developing countries, including experience in disaster risk financing. The expert must have sound experience in similar assignments in developing countries, preferably in Asia, and strong writing and communication skills. In particular, under the supervision of the team leader, the expert will do the following:

- (i) Assess public financial management aspects of the enabling environment for DRF in four focus countries. Responsibilities will include an assessment of current ex ante and ex post DRF arrangements for national and sub-national government, including their cost-efficiency, effectiveness and timeliness and related technical, financial, operational, and institutional challenges; an assessment of the adequacy of available disaster risk data, including historical loss data, hazard and exposure data, and existing disaster risk models; in consultation with relevant government agencies, an assessment of the scale of the government contingent liability and funding gap under different disaster scenarios based on available risk assessment data; a review of the short-, medium- and long-term fiscal consequences of past disasters; and recommendations on actions to strengthen the enabling environment and enhance the fiscal management of disaster.
- (ii) Contribute to the presentation of preliminary country findings and recommendations to national stakeholders.
- (iii) Contribute written sections for each of the four country reports, focusing on measures to strengthen agricultural insurance products, practices, and penetration and based on the findings of (i).
- (iv) Assist the ADB team leaders as requested.

**4. Agricultural insurance specialist (international, 3 person-months).** The expert should have a master's degree in finance, economics, statistics, actuarial sciences, or equivalent, preferably with 8 years of international experience in agricultural insurance, including in the development and implementation of parametric solutions, and, preferably, experience in microinsurance as well. The expert must have sound experience in similar projects in developing countries, preferably in Asia, and strong writing and communication skills. In particular, under the supervision of the team leader, the expert will do the following:

- (i) Assess agricultural and micro insurance aspects of the enabling environment for risk financing in four focus countries. The assessment should include a review of existing agricultural insurance and microinsurance products, including their pricing underwriting, reserving, and claims administration practices; an examination of the policy, regulatory, and supervisory context, including potential barriers to the development of DRF instruments; a gender-sensitive exploration of the potential appetite for and technical feasibility of introducing innovative agricultural insurance and microinsurance products, such as parametric products; conduct of discussions with industry and government officials on the potential for introducing agricultural insurance and microinsurance solutions through public-private

partnerships; an assessment of existing and potential pooling and captive arrangements; an assessment of outstanding gaps and needs, including capacity development requirements; and recommendations on actions to strengthen the enabling environment and increase the availability and uptake of agricultural insurance and microinsurance.

- (ii) Contribute to the presentation of preliminary country findings and recommendations to national stakeholders.
- (iii) Contribute written sections for each of the four country reports, focusing on measures to strengthen agricultural insurance products, practices, and penetration and based on the findings of (i).
- (iv) Assist the ADB team leaders as requested.

5. **Health insurance specialist (international, 4.5 person-months).** The expert should have a master's degree in finance, economics, statistics, actuarial sciences, or equivalent, preferably with 8 years of international experience in health insurance, including in the development and implementation of epidemic and pandemic solutions. The expert must have sound experience in similar projects in developing countries, preferably in Asia, and strong writing and communication skills. In particular, under the supervision of the TA team leader and in consultation with the ADB team leaders, the expert will undertake the following activities:

- (i) Contribute to the expansion of an existing diagnostics methodology and related guide for assessing the current landscape and enabling environment for DRF in ADB developing member countries to cover epidemics and pandemics.
- (ii) Assess health insurance aspects of the enabling environment for risk financing in four focus countries, with a particular focus on insurance for epidemics and pandemics. The assessment should include a review of the financing components of existing public health schemes and facilities that the public can access with a focus on epidemics and pandemics, health insurance products and their pricing, underwriting, reserving, and claims administration practices; an examination of the policy, regulatory, and supervisory context, including potential barriers to the development of DRF instruments; a gender-sensitive exploration of the potential appetite for and technical feasibility of introducing innovative health insurance products, such as parametric products and insurance-linked securities, examining the merits and pre-requirements for their establishment, ongoing administration, claims management, and liquidation cycles; conduct of discussions with industry and government officials on the potential for introducing health insurance solutions through public-private partnerships; an assessment of existing and potential pooling and captive arrangements; an assessment of outstanding gaps and needs, including capacity development requirements; and recommendations on actions to strengthen the enabling environment and increase the availability and uptake of public and private health insurance cover, in particular for epidemics and pandemics.
- (iii) Contribute to the presentation of preliminary country findings and recommendations to national stakeholders.
- (iv) Contribute written sections for each of the four country reports, focusing on health insurance aspects and based on findings of task (ii).
- (v) Assist the ADB team leaders as requested.

## **B. National Consultants**

6. **Insurance industry specialist (4 consultants, 1 person-month each).** Each country where the study is being carried out will have a national insurance industry specialist. Each specialist should preferably have a master's degree in economics, finance, or a related

discipline, and 7 years of professional experience in the respective field of expertise. The specialist should have extensive working experience in the local insurance and reinsurance market and sufficient knowledge of relevant stakeholders in the market. Each specialist should have good organizational and networking skills. The specialist will assist the project team in carrying out the country assessments. In particular, under the supervision of the team leader, the expert will do the following:

- (i) Contribute to the preparation of the country diagnostics assessments, working closely with the international consultants.
- (ii) Provide local context to the project, in particular for the insurance and reinsurance industry assessment, including agricultural, health, property, and small- and medium-sized insurance experience; and identify initiatives adopted by the respective country to promote financial literacy and risk awareness and create incentives for take-up of DRF products.
- (iii) Collect data and information, and undertake research as required.
- (iv) Manage meeting schedules for country visits.
- (v) Assist in organizing dissemination, training, and other events, including the regional forum.
- (vi) Participate in team discussions and contribute to recommendations.
- (vii) Provide inputs to reports and other materials prepared under the TA, as requested.

## **II. Output 2: Feasibility studies on disaster insurance products for livelihood restoration, homeowners, and small businesses undertaken**

### **A. International Consultants**

**7. Agricultural insurance specialist (international, 1.25 person-months)** The specialist is expected to work together with the Insurance Technology Specialist and the National Insurance Specialist in preparing a technical feasibility of piloting parametric insurance products. The specialist should have a master's degree in finance, economics, agriculture, actuarial sciences, or equivalent, with at least 8 years of demonstrated experience in developing countries, in developing and implementing agricultural parametric insurance products. The expert will be expected to:

- (i) Interview key stakeholders from the government, insurers, reinsurers, banks, financial institutions and microfinance providers, insurance brokers, international development agencies, and target groups.
- (ii) Conduct focus group discussions for in-depth understanding of the risks associated with agricultural production; related risk perceptions, including gender-disaggregated perspectives; and the insurance needs of farmers.
- (iii) Examine the regulation and policy environment, enabling policies, and existing competition that may affect the parametric insurance product to be developed and piloted. These may include issues related to distribution channels, commission sharing, reserve levels, reinsurance access, technology, weather data sharing and subsidies, loss assessment, and product approval.
- (iv) Prepare a detailed demand and feasibility analysis to assess potential crops and weather-related perils specific to the crops and identify the locations where the project may be piloted. Specific districts will be identified on the basis of insurability, ensuring that the project tests schemes that benefit farmers, especially small and marginal ones, are operationally sustainable to engage the private sector and scale the schemes after the pilot period.
- (v) Recommend product design with specific insurance contract features and wording based on the ability and willingness of the potential rural clients to pay, the risk appetite of the insurer, and gender-sensitive needs. Several elements will be

identified: the claim trigger point or risk stage at which insurance coverage begins full payment, the risk stage where insurance cover ends, the rate of payment for risks within agreed bands, and risk pricing.

- (vi) Explore options for engaging international reinsurers and reinsurance brokers to provide expertise and international experience in designing parametric risk products to address any need to diversify risk.
- (vii) Identify potential distribution partners and private insurance companies as insurers. Channels for collecting premiums and administering claim payouts will determine the efficiency and reliability of insurance services.
- (viii) Identify areas to focus insurance literacy and awareness efforts.
- (ix) Lead the preparation of the technical feasibility report of piloting parametric insurance products with written inputs from the Insurance Technology Specialist and the National Insurance Specialist.
- (x) Contribute to the dissemination of technical feasibility report at national and regional knowledge events.

**8. Property insurance specialist (international, 1.25 person-months)** The specialist is expected to work together with the Insurance Technology Specialist and the National Insurance Specialist in preparing a technical feasibility of piloting property insurance products with a focus on natural hazards e.g. earthquakes and floods. The specialist should have a master's degree in finance, economics, engineering, actuarial sciences, or equivalent, with at least 10 years of demonstrated experience in developing countries in developing and implementing property and casualty insurance products. The expert will be expected to:

- (i) Interview key stakeholders from the government, insurers, reinsurers, banks, financial institutions, insurance brokers, international development agencies, and target groups.
- (ii) Conduct focus group discussions for in-depth understanding of the risks of damage to property of households and small businesses posed by natural hazards; related risk perceptions, including gender-disaggregated perspectives; and household and small businesses insurance needs.
- (iii) Examine the regulation and policy environment, enabling policies, and existing competition that may affect the insurance product to be developed and piloted. These may include issues related to distribution channels, commission sharing, reserve levels, reinsurance access, technology, weather and risk data sharing, subsidies, loss assessments, and product approval.
- (iv) Prepare a detailed demand and feasibility analysis to assess suitability of products and identify the locations where the project may be piloted with the engagement of the private insurance sector and scale the schemes after the pilot period.
- (v) Recommend product design with specific insurance contract features and wording based on the ability and willingness of the potential rural clients to pay, the risk appetite of the insurer, and gender-sensitive needs.
- (vi) Explore options for engaging international reinsurers and reinsurance brokers to provide expertise and international experience in designing parametric and property risk products to address any need to diversify risk.
- (vii) Identify potential distribution partners and private insurance companies as insurers and channels for collecting premiums, assessing losses, and administering claim payouts will determine the efficiency and reliability of insurance services.
- (viii) Identify areas of focus for insurance literacy and awareness.
- (ix) Lead the preparation of the technical feasibility report of piloting property insurance products with written inputs from the Insurance Technology Specialist and the National Insurance Specialist.

- (x) Contribute to the dissemination of technical feasibility report at national and regional knowledge events.

**9. Insurance technology specialist (international, 1 person-month)** The specialist is expected to work together with the Agriculture Insurance Specialist, Property Insurance Specialist, and the National Insurance Specialist in preparing a technical feasibility of piloting agriculture and property insurance products. The specialist should have a master's degree in finance, economics, engineering, or equivalent, with at least 10 years of demonstrated experience in developing countries, in developing and using new technology for insurance products. The expert will be expected to:

- (i) Interview key stakeholders from the government, insurers, reinsurers, banks, financial institutions, insurance brokers, international development agencies, and target groups.
- (ii) Examine the regulation and policy environment, including enabling policies on the use of new technology and existing competition, that may affect the insurance product to be developed and piloted. These may include issues related to distribution channels, commission sharing, reserve levels, reinsurance access, weather and risk data sharing, subsidies, loss assessments, and product approval.
- (iii) Contribute to detailed demand and feasibility analysis to assess the cost-benefit of new technology and, with the engagement of the private insurance sector, identify the locations where the project may be piloted and scaled up after the pilot period.
- (iv) Recommend specific technology features to be incorporated in the product design and determine the willingness of the potential clients and stakeholders to use the technology, including any gender-based differences.
- (v) Identify international and national technology providers who can provide the relevant expertise and international experience.
- (vi) Identify potential distribution partners and private insurance companies that would be willing to use new technology for collecting premiums, assessing losses, and administering claim payouts.
- (vii) Identify how new technology can contribute to insurance literacy and awareness to increase take-up.
- (viii) Contribute written sections to the preparation of the technical feasibility report of piloting parametric agriculture insurance product led by Agriculture Insurance Specialist and parametric property insurance products led by Property Insurance Specialist, and seek written inputs from National Insurance Specialist.
- (ix) Contribute to the dissemination of technical feasibility report at national and regional knowledge events.

**B. National Consultant**

**10. National insurance specialist (national, 1.25 person-months)** The specialist is expected to work together with the Agriculture Insurance Specialist, Property Insurance Specialist, and the Insurance Technology Specialist in preparing a technical feasibility of piloting agriculture and property insurance products. The specialist should have extensive working experience in the local insurance and reinsurance market, sufficient knowledge of relevant stakeholders in the market, and good organizational and networking skills. The specialist will assist the team of international experts in carrying out the technical feasibility study. In particular, the expert will do the following:

- (i) Contribute to the preparation of the technical feasibility study, working closely with the international consultants.

- (ii) Provide local context to the project, in particular for the insurance and reinsurance industry assessment, including agricultural, property, and small- and medium-sized insurance.
- (iii) Collect data and information, and undertake the feasibility study as required.
- (iv) Manage meeting schedules for country visits.
- (v) Assist in organizing dissemination, training, and other events, including the regional forum.
- (vi) Participate in team discussions and contribute to recommendations.
- (vii) Provide inputs to reports and other materials prepared under the TA, as requested.
- (viii) Contribute written sections to the preparation of the technical feasibility report of piloting parametric agriculture insurance product led by Agriculture Insurance Specialist and parametric property insurance products led by Property Insurance Specialist, and provide written inputs to Information Technology Specialist.
- (ix) Contribute to the dissemination of technical feasibility report at national and regional knowledge events.

### **III. Output 3: Disaster-related public expenditure and institutional review undertaken**

#### **A. International Consultant**

11. **Public expenditure and disaster risk management specialist (international, 1.75 person-months).** The specialist will lead the DRM-related public expenditure and institutional review under output 3. The specialist should have a master's degree in finance, economics, statistics, actuarial sciences, or equivalent, with at least 10 years of relevant experience in public expenditure management in developing countries, preferably including experience in related DRM policy analysis. The expert must have sound experience in similar assignments in developing countries, preferably in Asia, and strong writing and communication skills. In particular, with support from the output 3 national consultants, and in consultation with ADB team leaders, the expert will lead the following activities:

- (i) Design an inclusive methodology to define DRM-related budgeting and public expenditure that is appropriate to the Nepal context, covering disaster risk reduction, preparedness, relief, early recovery, and reconstruction.
- (ii) Oversee the assessment of DRM policy priorities and strategies; the determination of DRM responsibilities across different domains of government; the review of the institutional and governance arrangements for promoting the integration of DRM policy priorities into budgeting and expenditure management; the compilation of DRM-related actions, targets, and performance indicators; and the assessment of the effectiveness of current arrangements.
- (iii) Oversee the identification of the sources of funds for DRM at each domain of government, the classification of DRM-related public expenditure, the review of the integration of DRM objectives within the budgeting process, and the review of the processes for stakeholder budget consultation and reporting, scrutiny, and auditing of DRM expenditure.
- (iv) Oversee the municipal government case study of the identification, financing and reporting of expenditure on municipal and ward DRM activities (covering disaster risk reduction, preparedness, relief, early recovery, and reconstruction).
- (v) Engage and consult with key DRM-related stakeholders.
- (vi) Lead the preparation of an overview report for DRM public expenditure and institutional review for Nepal, including recommendations for enhancement of the integration of DRM finance, strategy, and policy in budget allocation and execution.
- (vii) Present the findings of the review at national and regional events organized as part of the TA.

## **B. National Consultants**

12. **Disaster risk management specialist (national, 1.5 person-month).** The DRM specialist will review DRM policy context in Nepal. The specialist should have a degree in disaster risk management or a related discipline, and at least 5 years of professional experience in disaster risk management in Nepal, preferably working with government. The specialist will work under the guidance of the international public expenditure and DRM specialist to:

- (i) Assess current policy priorities and strategies as they relate to DRM and the extent to which these strategies and policies are coherent with national development, sector, poverty reduction, and gender strategies and with development plans at other domains of government.
- (ii) Determine the current assignment of DRM responsibilities (covering disaster risk reduction, preparedness, relief, early recovery, and reconstruction) across different domains of government, including any overlaps and gaps in roles and any counter-productive mandates.
- (iii) Review the institutional and governance arrangements for DRM (including a mapping of institutions) and for promoting the integration of DRM policy priorities into budgeting and expenditure management within and across key ministries and stakeholders and at each domain of government (including the identification of any counterproductive policy initiatives).
- (iv) Review the broader policy context within which DRM sits in Nepal, the extent to which these policies recognize and relate to DRM, and the degree of coherence between national and sector policy.
- (v) Compile all DRM actions, targets, and performance indicators proposed in sectoral plans and plans of each domain of government to obtain a clear picture of what has been planned and implemented, in collaboration with the public finance management specialist under output 3.
- (vi) Assess the extent to which the existing institutions, structures, processes, and discretionary powers for spending and revenue collection allow for effective coordination, resource allocations, and delivery of DRM-related actions.
- (vii) Contribute to the case study at the municipal government of the delivery of DRM-related municipal and ward activities, focusing on the identification and approval of DRM priorities.
- (viii) Consult with key stakeholders, both government and nongovernment, which form the DRM community at each domain of government to review the institutional arrangements and coordination mechanisms relevant for DRM dialogue.
- (ix) Contribute to the preparation of recommendations for the integration of DRM finance, strategy, and policy in budget allocation and execution.
- (x) Prepare draft text on the policy and institutional context related to DRM in Nepal, in close collaboration with the public finance management specialist, which will be an input to the overall report for DRM public expenditure and institutional review.
- (xi) Contribute to the presentation of findings during key consultations and workshops in Nepal.

13. **Public finance management specialist (national, 1.5 person-months).** The specialist will look at the aspects of the national and sub-national budget in relation to DRM financing. The specialist should have a degree in economics, finance, or a related discipline, and at least 5 years of relevant professional experience in public financial management in Nepal, preferably including experience working with the Ministry of Finance. The specialist will work under the guidance of the international public expenditure and DRM specialist to:

- (i) Identify the sources of funds for DRM at each domain of government.

- (ii) Classify DRM-related expenditure (covering disaster risk reduction, preparedness, relief, early recovery, and reconstruction) based on the methodology developed by the international public expenditure and DRM specialist to define DRM-related expenditure in Nepal, covering each domain of government.
- (iii) Review the processes for integrating DRM objectives and disaster risk concerns within the budgeting process at each domain of government and in sector ministries, including with regard to planning, implementation, expenditure management, financing, fiscal risk management (including risk registers), and operational risk management.
- (iv) Review the processes for stakeholder budget consultation and reporting, scrutiny, and auditing of DRM expenditure.
- (v) Contribute to the case study at the municipal government of the delivery of DRM-related municipal and ward activities, focusing on their funding sources, financial and budgeting processes, and processes for reporting of spending.
- (vi) Contribute to the preparation of recommendations for the integration of DRM finance, strategy, and policy in budget allocation and execution.
- (vii) Prepare draft text on the public expenditure review which will be an input to the overall report for DRM public expenditure and institutional review.
- (viii) Contribute to the presentation of findings during key consultations and workshops in Nepal.

#### **Overall TA**

14. **Project coordinator (national, 10.5 person-months).** The project coordinator will be engaged to work with ADB staff and other TA consultants to assist in TA implementation. A Filipino national with 5 years of relevant experience in project coordination and with excellent oral and written communication skills in English is an advantage. In particular, under the supervision of the ADB team leaders, the consultant will do the following:

- (i) Monitor and coordinate the schedule of activities of the TA.
- (ii) Assist with the administrative tasks under the TA.
- (iii) Coordinate logistical arrangements for meetings and workshops, publications, and other activities as assigned.
- (iv) Help ADB staff ensure that TA activities are administered and implemented in accordance with ADB policies and guidelines.
- (v) Help review the TA reports to ensure they meet ADB standards.
- (vi) Perform other tasks as reasonably requested.