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| Invitation to Tender |
| **Project Name:** Taking stock of micro-insurance for disaster risk reduction – evidence and experiences in applying index-based micro-insurance in South and South East Asia  **December 2012** |
| **CDKN Project Reference AAGL-0036** |
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1. Background

1.1 About CDKN

The Climate and Development Knowledge Network (CDKN) is a five-year initiative funded by the UK Department for International Development (DFID) which started in 2010, to assist developing countries respond to the challenges posed by climate change. It does this by providing research and technical assistance, and channelling the best available knowledge on climate change and development to support policy processes at the country level.

A key feature of the CDKN is that it is demand led – we respond to gaps and needs identified on the ground as we roll out our country engagement strategy. Over the next five years the goal is to be working in up to 60 developing countries.

The CDKN is being managed by an alliance of partners led by PricewaterhouseCoopers LLP and comprising the Overseas Development Institute (ODI), LEAD International, INTRAC, and three regional partners – Fundación Futuro Latinoamericano (Latin America), South-South-North (Africa) and LEAD Pakistan (Asia). Services are provided through a network of collaborating organisations and individuals around the globe. Please see [www.cdkn.org](http://www.cdkn.org) for further information about CDKN.

1.2 Introduction to the Project

**Introduction**

Disaster insurance has quickly risen up the global policy agenda; there is a headlong rush to provide insurance products to help transfer retained or residual disaster risk, whether sovereign, micro- or reinsurance. These efforts have involved governments, private sector (nationally and internationally), research groups and NGOs. The opportunities to link index-based micro-insurance with efforts to promote adaptation, DRR and development therefore appear ample.

By transferring risk and providing a safety net against extreme events, micro-insurance offers the opportunity to protect the poorest and most vulnerable members of community. With the lure of reducing costs of monitoring and speedy settlement on the part of insurance companies, an increasing number of international initiatives have focused on the provision of index-based insurance schemes, particularly in South and South-East Asia.

However, the evidence basis for the effectiveness of disaster insurance remains thin, and this is a major knowledge gap given the groundswell of interest in insurance products. There are many unknowns about this approach; particularly the experience of people involved in the schemes, or of those who cannot afford to insure themselves but who experience impacts indirectly (e.g. through other community members receiving payouts). CDKN is already involved in scoping and researching these issues – for example in Pakistan– and there is clear demand from governments, NGOs and the international community for a better understanding of peoples’ experience of micro-insurance. CDKN has also published a blog on this topic: [*http://cdkn.org/2012/06/seduced-by-disaster-insurance-dont-dive-in./*](http://cdkn.org/2012/06/seduced-by-disaster-insurance-dont-dive-in./).

Therefore, building on a number of recent assessments investigating the relevance of insurance in relation to DRR/CCA (e.g. Burke et al 2010; IFAD 2011; Cole 2012; CAFOD 2010; and Mechler 2006), this assignment will seek to document evidence and experience of applying index based micro-insurance in South and South East Asia. The assignment will look to add value by focusing on a particular geographic region (South and South East Asia) and qualitatively documenting the views and perspectives of leading authorities from academia, policy and practice on the latest evidence and experience. The work will be desk based, and combine a systematic assessment of existing literature with a series of interviews from selected key-informants.

1. Terms of reference

2.1 Project Objectives

The high level project objectives are to:

* Document evidence and experiences in delivering index based micro-insurance schemes in South and South-East Asia
* Add to evidence base on evaluating the effectiveness of disaster insurance as a tool for promoting adaptation and disaster risk reduction
* Disseminate and communicate research findings across a number of different formats
  1. Terms of Reference

**The following Terms of Reference have been developed for this project. CDKN expects bidders to suggest a programme of activities that accommodates elements of the terms of reference, but which also builds on their experience and expertise in the field, to meet the objectives outlined above.**

**Bidders are welcome to submit bids that are not directly compliant with the terms of reference below so long as the approach is explained and justified in terms of how the objectives will be met.**

**Project Scope**

**Purpose**

The objective of the research is to document evidence and experiences in delivering index-based micro-insurance schemes in the context of South and South-East Asia. In so doing, it is hope that the research will add to evidence base on evaluating the effectiveness of disaster insurance as a tool for promoting adaptation and disaster risk reduction.

**Methodology and tasks**

The research will consist of a systematic review of relevant literature complimented by a series of interviews with relevant key informants from across academia, policy and practice. The supplier would be expected to work with CDKN to provide insights into relevant CDKN projects and contacts where appropriate (to be discussed bilaterally). The assessment will be largely qualitative in nature and be guided by an overarching analytical framework.

The research will be desk based and build on a number of recent evaluations and technical reports on the effectiveness of micro-insurance (e.g. Burke et al 2010; IFAD 2011; Cole 2012; CAFOD 2010; and Mechler 2o06). In addition, it will focus on a particular geographic area, South and South-East Asia, as well as incorporate a scope of views and experiences from relevant experts and practitioners in the implementation of index-based micro-insurance.

The scope and subject area is relatively flexible and will be determined by the supplier, depending on the quality and maturity of available data, the respective skill sets of the researchers, and gaps in the literature. Broadly speaking, the research will seek to provide insights into one or a number of the following questions:

* Are index based micro-insurance a viable solution in promoting climate change adaptation and disaster risk reduction in South and South-East Asia?
* Is the private sector playing any role in developing such solutions?
* What are opportunities, barriers and limitations in rolling out insurance schemes in the region?
* Which schemes have been most successful?
* What are the opportunities and implications for scaling up index insurance in South and South-East Asia?
* How might they be scaled up further? What policy environment is needed to enable insurance schemes to be scaled up?
* Does micro-insurance protect the poorest and most-vulnerable members of community?
* Is index based micro-insurance sustainable in the long-term?
* How successful have rainfall based indexes been in the region?
* How can farmers be encouraged to adopt new financial schemes?

These questions are intended to help frame the analysis. Suppliers should indicate which research question(s) they are familiar with and will seek to address in their proposal. Methods will be largely qualitative, guided by a structured analytical framework set out by the supplier.

The supplier will be required to produce research outputs including a full technical report and a short briefing paper (3-4 pages). Additionally, the supplier will disseminate findings via a learning workshop/ event, which will convene stakeholders on this topic. The supplier will also be encouraged to seek opportunities for the research findings to be presented at various external workshops and conferences. It is expected that the research outputs will be externally peer reviewed. The inclusion of a steering committee (of 3-4 senior experts) is encouraged.

It is possible that this work could be followed by a second phase (covering a separate geographic location), but this is yet to be determined and subject to agreement by both parties.

2.3 Project Outputs

Potential outputs (deliverables) are listed below. Suppliers should, as part of their proposal, provide a workplan outlining activities and expected deliverables.

**Expected Deliverables:**

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| --- | --- | --- | --- |
| No. | Deliverables / Milestones | Due Date | Produced by?  (CDKN / Supplier) |
| 1 | Kick off meeting | 1 week after inception | Supplier |
| 2 | Presentation of research methodology and proposed list of key informants | 2-3 weeks after inception | Supplier |
| 3 | Discussion on potential engagements with CDKN projects on disaster insurance in South Asia and dissemination strategy | 2 months after inception | Arranged between CDKN and Supplier |
| 4 | 1 technical report (roughly 25 pages in length) | No later than 4 months after inception | Supplier |
| 5 | 1 briefing paper (roughly 3-4 pages in length), to be CDKN branded | No later than 4 months after inception | Supplier and CDKN |
| 6 | Internal presentation of findings and conclusions to CDKN | 4 months after inception | Supplier |
| 7 | Learning workshop/ event convening stakeholders regionally (to be held in South Asia or Southeast Asia) | 5 months after inception | Supplier |

2.4 Other project information

**Supplier requirements**

The supplier(s) will need to have a proven track record in the analysis and evaluation of one or more of the following areas: disaster risk reduction, climate change adaptation, micro-insurance, and social protection. The suppliers will be well versed in qualitative research methods and familiar with conducting systematic reviews. Research experience in South and/or South-East Asia, and familiarity in interpreting quantitative data are preferable. In addition, the supplier will need to have experience of organising and facilitating workshops for research dissemination purposes.

**Timeframe**

It is envisaged that this project will start in January 2013 and last for 5 months. However this can be revisited depending on what bidders propose. We are looking for suppliers to commence work as soon as possible and preferably no later than 21 January 2013.

**Budget**

The budget currently available for this piece of work is up to £43,000. This is an approximate budget which gives an idea of the scope of funds currently available for this project. If bidders are unable to provide what they consider to be a comprehensive project for the budget available we encourage the provision of options; i.e. what could be provided for the funding currently available and details of what could be provided for more funding and how much these options would cost.

2.5 Project Working Arrangements

The day to day management of the project should be will be undertaken by the supplier. The supplier will be accountable to CDKN.

1. Proposal requirements and evaluation

3.1 Proposal contents

In their proposals supplier should include the following:

1. **Solution Statement**

The programme outline must provide a view of the structure, content and methodology for delivering the training and capacity building programme that meets the requirements of the Terms of Reference. This document must be no longer than 30 A4 sides. Expert CVs should be included separately in an appendix and should be no longer than 2 A4 sides each.

The following areas should be covered within this document:

* Background
* Name and contact details of lead organisation, and sub-contractors
* Overview of the main services each organisation will provide
* Project Methodology, Approach and Plan
* An overview of the programme of training and capacity building that you plan to deliver. This should include:
  + Proposed methodology & research
  + Rationale for the above and how it will meet the programme objectives
  + Expected benefits
* A detailed work plan including timescales for the implementation of activities, proposed delivery dates for key outputs and any other key milestones.
* Details of how the project will be managed and how you propose to meet CDKN’s reporting and monitoring requirements.
* Quality assurance
* Details of how you will ensure quality of deliverables throughout the project.
* Proposed Personnel/Project staffing
* Please provide a breakdown of the personnel who will be conducting the work.
* For each individual, please provide details of their roles and responsibilities for this project and indicative number of days, along with brief description of previous experience in this area.
* Please submit detailed CVs along with this document in an appendix. CVs should be no longer than 2 A4 sides.

If supplier is proposing an approach that has elements which are at variance to the requirements of the Terms of Reference, or deliver the solution in what might be perceived as a non-standard way, they must explain the additional benefits and value that will be gained by CDKN for adopting this approach.

1. **Risk Proposal**

Suppliers should produce a separate statement of the risks, assumptions, issues and challenges that you believe this programme will face during development, implementation and ongoing management, along with the recommended mitigating actions.

This statement must be no longer than 2 A4 sides.

1. **Commercial Proposal**

Suppliers must provide a detailed commercial proposal in GBP, inclusive of VAT and all other applicable taxes. The commercial proposal will be evaluated on the extent to which it demonstrates value for money.

* The budget should be structured in line with delivering the supplier’s workplan and include a breakdown of all component costs, including third party costs.
* Fees should be broken down by individual, day rate and activity.
* Expenses should be estimated separately- Logistics, travel, printing, venue hire etc. Suppliers must ensure they refer to the CDKN Expenses Policy which is provided with this ITT.
* Overhead expenses can be included in the total cost of the project but should be incorporated into fee rates for staff members.
* Suppliers should include an analysis of the cost of training per negotiator trained.
* Suppliers should ensure that they state any assumptions that have been built into the costing provided.
* Suppliers should briefly summarise how their proposal represents value for money.

1. **Legal and Contractual Compliance**

CDKN is an alliance of six organisations, led by PricewaterhouseCoopers LLP (PwC). Your contract will therefore be with PwC.

Terms and conditions of contract have been made available to suppliers as part of the EOI and are further attached with this ITT for reference. CDKN does not anticipate making changes to our terms and conditions, many of which are a direct flow down from our own contract with DFID and are non-negotiable.

3.2 Proposal Evaluation

Proposals will be evaluated against the following weightings.

Solution Statement – 65%

Risk proposal – 10%

Commercial proposal – 25%

4. Tendering process

4.1 Timeframe

The Bidder is requested to submit a proposal electronically to the [cdknetwork.procurement@uk.pwc.com](mailto:cdknetwork.procurement@uk.pwc.com) detailing how they would deliver the programme of work as set out in this document.

**The deadline for this submission is** **17.00 UK time on 11th January 2013.**

**The deadline for submission of questions is 17.00 UK time on 4th January 2013**.

Please note any clarification questions from the bidder to PwC should be sent to [cdknetwork.procurement@uk.pwc.com](mailto:cdknetwork.procurement@uk.pwc.com). Please see section 4.2 for more information on questions submission.

4.2 Instructions to Bidder

1. Responses to this ITT must be clearly marked: “AAGL-0036 Taking stock of micro-insurance for disaster risk reduction”.
2. Where the Bidder relies on the capacities of other entities (e.g. proposed sub-contractors and/or consortium partners), they must make this clear in their tender response where this is the case and explain their role.
3. All responses should demonstrate openness, transparency, attention to detail and the ability to work in the spirit of collaborative working.
4. If the Bidder fails to provide the required information or fails to supply documentation referred to in their responses, PwC may make further requests to the Bidder for the required information. If this is not supplied in the given time, or is unsatisfactory, PwC may treat the response as a non-compliant response and it will therefore score zero and this will be taken into account during the evaluation process.
5. PwC expressly reserves the right to require the Bidder to provide additional information supplementing or clarifying any of the information provided.
6. Where a length of response is stipulated, that response length relates to the number of A4 Pages or

word count. Only the information within the set limit will be evaluated. Additional information will not be evaluated and therefore should not be supplied. Text based information must be answered in English and be in minimum 11 point, Arial font, A4 paper. Text in diagrams must not be any smaller than 8 point font and must also be in Arial font.

1. Under no circumstances should the Bidder provide general marketing and sales brochures or other

materials.

1. The deadline for submission of questions is **17:00 UK time Friday 4th January 2013**. The email must clearly state in the subject matter of the email “AAGL-0036 - Taking stock of micro-insurance for disaster risk reduction”.
2. PwC will respond to all reasonable requestsfor clarification as soon as reasonably possible. All queries and responses will be dealt with by e-mail only. PwC reserves the right to issue the response to all Bidders.
3. If a Bidder wishes PwC to treat a request as confidential and not issue the response to all Bidders, it must state so at the time of request for clarification, stating the reasons for the desired confidentiality.
4. If, in the opinion of PwC, the content of a request is not considered to be confidential, PwC will inform the Bidder and it will have an opportunity to withdraw the request for clarification. If the request for clarification is not withdrawn within the timeframe specified by PwC, the response will be issued to all Bidders.
5. PwC may itself issue clarification requests to the Bidder. The Bidder is asked to provide a single point of contact (including telephone and e-mail details) in their organisation for the receipt of such requests.
6. PwC will expect the Bidder to provide a prompt response to all clarifications issued.

4.3 Contact Information

CDKN Procurement

7 More London Riverside, London, SE1 2RT

Email: [cdknetwork.procurement@uk.pwc.com](mailto:cdknetwork.procurement@uk.pwc.com)

4.4 Conditions of Procurement

Consortium bid

If a bid is submitted by a consortium, PwC will require any agreement(s) to be entered into by a lead single entity on behalf of the consortium. In addition, other consortium members may be required to enter into direct agreements with PwC in connection with their subcontracts and PwC will require a right of approval over subcontracts.

Change in circumstance

Bidder must inform PwC in writing of any change in control, composition or membership of a Bidder or its consortium members and of any other material change to the Bidder’s response to the Selection Document, if any, which has taken place subsequent to their expression of interest. PwC reserves the right to disqualify any Bidder subject to such changes from any further participation in the procurement process.

Tender validity

All Responses must remain valid without change or qualification following the response submission for a period of 90 days.

Bidder costs

PwC shall not, under any circumstances, be liable for any costs incurred by the Bidder in relation to their participation in this procurement process or otherwise.

Copyright

The copyright in this documentation and its related materials belongs to PwC. The Bidder should not reproduce any of the documentation or materials in any form (including photocopying or storing by electronic means) without the permission of PwC, other than the purposes of preparing their Response and/or responding to this tender.

Law

The Laws of England and Wales shall apply to this Procurement and in connection with any proceedings arising there from. Likewise, the English courts shall have exclusive jurisdiction in respect of any disputes arising out of or in relation to the Procurement.

Publicity

This ITT Response Document is only to be used in connection with the preparation and submission of Responses by Bidder in relation to this procurement. No publicity regarding the Project or the award of any contract will be permitted unless and until PwC have given express written consent to the relevant communication. For example, no statements may be made to the media or other similar organisations regarding the nature of any Response, its contents or any proposals relating thereto without the prior written consent of PwC.

Conflict of interest

Bidder is instructed to ensure that their potential appointment as the service provider to PwC for the project has not and will not create any conflict of interest or any situation that might compromise or prejudice PwC's duty to manage an open, fair, non discriminatory and competitive procurement process. In the event of a conflict (or potential conflict) arising at any time during the Procurement, the affected Bidder shall be responsible for reporting the occurrence of potential or actual conflict and the means for resolving it to PwC forthwith. In the absence of any compelling reason acceptable to PwC, the assumption will be that the conflicted party shall have no further involvement in the Procurement.

Discontinuance or Suspension

PwC may elect to discontinue or suspend the Procurement at any time without accepting any response or entering into an agreement with the Preferred Supplier. PwC may discontinue or suspend without responsibility or liability to any Bidder including (without limitation) any liability for any costs or expenditure incurred by, or inconvenience caused to, any Bidder.

Should PwC decide to suspend the Procurement, PwC will issue instructions to the Bidder regarding the suspected duration of the suspension and any other relevant information.

Revisions to the ITT an Associated Documentation

PwC reserves the right to make revisions to the ITT and any associated documents at any time. No additional time in relation to submission deadlines will be granted following notification of any such revision unless the Bidder is expressly notified of any extension by PwC.

PwC may issue updates to the Bidder at any time containing details of any revisions to this ITT Response Document, together with any further information which may assist the Bidder in the preparation of their Responses. It is the Bidder' sole responsibility to ensure that they have understood PwC's requirements and all instructions and information issued under this ITT.

For the avoidance of doubt, PwC reserves the right to:

* Waive the requirements of this ITT and the Terms of Reference;
* Disqualify bids that do not comply with the instructions in this ITT Response

Document, or does not submit a compliant Response in accordance with the instructions relevant to that Response;

* Withdraw this ITT at any time or to re-invite Responses on the same or any alternative basis;
* Not to award any contract as a result of the current procurement process; and
* To make whatever changes it sees fit to the timetable, structure or content of the procurement process, dependent on approvals processes or for any other reason.

### Annex A - DECLARATION

The bidder must complete this Declaration and include it with the proposal.Failure to include this declaration may result in the bid being disqualified.

**To: Chief Executive, CDKN**

**Date:**

1. I have completed and enclosed all information required in the Selection Document in the format and order required.
2. I declare that this is a bona fide response to your Invitation to Tender for the CDKN project AAGL-0036, Taking stock of micro-insurance for disaster risk reduction.
3. I declare that the organisation will comply with the CDKN terms and conditions of contract and the CDKN Expenses Policy
4. I declare that the organisation is not aware of any connection with a member of the PricewaterhouseCoopers LLP or CDKN staff which could affect the outcome of this procurement process.

Signed: .....................................................................................

Date: .........................................................................................

Name: .......................................................................................

In the capacity of: .................................................................….

Duly authorised to sign on behalf of:

Name of organisation: ...........................................…………….

Contact Telephone Number (incl country dialling code) …………………………………

www.cdkn.org

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