

TERMS OF REFERENCES (TOR)

Selection of an Individual Consultant to Conduct a Study on Insurance and Mitigation Mechanism Available for Agriculture

Smallholder Agribusiness Partnerships Program (SAPP) Ministry of Agriculture

1.0 Background

Smallholder Agribusiness Partnership (SAP) Program (hereafter referred as SAPP) is a six-year project (2017 – 2023) with a total cost of USD 105 Million. The Government of Sri Lanka and the International Fund for Agricultural Development (IFAD) and private sector (Agribusiness companies), smallholder farmers, Participatory Financial Institutions (PFIs) has jointly funded the program.

The overall goal of SAPP is to contribute to Sri Lanka's smallholders' poverty reduction and competitiveness. The program development objective is to sustainably increase the income and quality of diet of (initially) 57,500 smallholder households involved in commercially oriented production and marketing systems. There are three main components of this program.

Component 01- Access to Commercial Partnerships;

This component includes two sub-components;

(i) Establishing 4Ps – Under this subcomponent, there are three types of market-driven 4Ps which are being implemented knowingly, (1) New 4Ps with private sector (2) Scale-up programs which are continued from terminated IFAD funded program called National Agribusiness Development Program (2012-2017) and (3) New 4Ps with selected Farmer Organizations (FOs)/ Partner Organizations (POs). It is expected to reach a total of 35,000 households through 4P schemes and institutional strengthening interventions. Rural youth is also be considered (2500 youths) under this component to become entrepreneurs and to respond the demand for services generated along value chain complements in 4Ps. (ii) Institutional strengthening and capacity building of Producer/ Farmer groups (within a market-driven model). This component supports to build the capacity of Farmer Organizations (FOs) / Partner Organizations (POs) and farmer groups. The start-up funding at group level will be complemented with support in the form of business mentoring, training, exchange visits and digressive support to FOs / POs and farmer groups for their management.

Component 02 – Access to Rural Finance.

This component consists of two subcomponents: i) Financing of 4Ps; and ii) Institutional strengthening for the financial services sector. This component follows the strategies, modes of intervention and investment opportunities that emerge under component 1 (to satisfy the credit requirements of 4Ps and youth entrepreneurs) and aims at facilitating access to rural financial services in a sustainable manner mostly through training and technical assistance. Central Bank Sri Lanka (CBSL) accredited Participatory Financial Institutions (PFIs) are supported through this component to support in the collaboration and dissemination of new regulations for the microfinance sector, thus ensuring adequate participation opportunities for rural communities, and in training of licensed Micro Finance Institutions (MFIs). This intervention is to enhance PFIs capacity in rural, micro and agricultural finance for low-income groups, mostly through training, technical assistance and the operating cost support to reduce the transaction cost of both PFIs & clients which leads to existence of sustainable inclusive financial door for smallholders in Sri Lanka.

Component 03 - Program Management and Policy Dialogue

This component comprises two sub-components: i) Program and knowledge management; and (ii) Policy dialogue. Program and knowledge management sub-component is engaged with the smooth implementation of management, financial, administrative, and monitoring and evaluation system of the program. Under policy dialogue sub-component, it supports activities aiming at improving the policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development.

The program expects three main outcomes which reflect the impact of each main components indicated above.

Outcome 1 - Improved access of smallholder farmers and their organizations to markets in partnership with the private sector.

Outcome 2 - 57,500 households supported under SAP have access to rural financial services in a sustainable manner and at affordable rates.

Outcome 3 - Improved policy environment for equitable and sustainable smallholder farmer-sourced agribusiness development.

The program aims to Increase the monthly average income of the beneficiaries participating in the marketing chain development component by 20% -30% on an average through a combination of improved farm gate prices, improved on-farm productivity and participation in upstream value adding process.

The program will have national coverage, though special attention and preference will be given to low-income districts and areas where agri-production potential is high. The program is demand-driven and the willingness and the equal commitment of program partners (Rural farmers, Agribusiness companies, Banks, Insurance providers etc.) are essential in reaching programme objectives. More emphasis will put forward in developing Producer/Farmer Organizations (POs /FOs) under SAPP to be in line with Government's policy and development agenda, and to ensure sustainability of supported Producer/Farmer Organizations within 4P mechanism. The target group of 57,500 poor rural households with the potential to become active economic players under commercially oriented production and marketing systems with diverse array of value chains will be assisted under the program.

2. Objectives of the Consultancy

The overall purpose of this assignment is to collect existing insurance and mitigation mechanism for agriculture and analyze and provide suggestions to the project how to in cooperate such a mechanism into SAPP Project

3. Scope of Consultancy, Tasks and Expected Deliverables

3.1. Scope of the Consultancy

Consultant should cover collection of existing insurance and mitigation mechanism for agriculture in the country (stock taking) and analyze and provide suggestion to the SAPP how to use such mechanisms for SAPP project to cover the risk of participants of SAPP project. The assignment should be completed within 02 months.

3.2 Task of the Assignment

The consultant should

- Collect information of all insurance and mitigation mechanisms available for agriculture (livestock ,crop and agro enterprise in the country)

- Collect information on needs of insurance coverage for SAPP project from Business Development Division and Rural Finance Division
- Analyse their operation structure (premium etc) and provide recommendations how to use such a system to cover the risk of participants of SAPP projects.

3.3 Expected Deliverables

The consultant is expected to furnish a comprehensive analytical report. The report should be able to recommend the SAPP to use existing insurance mechanism to cover the risk of participant of SAAP projects. The report should provide an analysis from the opinions that have been sought from the direct beneficiaries and SAPP project. In addition to electronic and hard copies of final report, consultant is expected to submit with clean data of assignment material (primary and secondary data collected for the assignment, detailed outputs of data analysis, data/ information collected through individual or group of stakeholder consultation – minutes of the meetings, proceedings of the workshops and seminars held) electronically. The consultant will work in close consultation with M&E team, particularly the Deputy Manager (M&E) of the SAPP.

4. Qualification & Experience of the Consultant

The consultant should have proven track record in designing and implementing stock taking studies and having good depth of understanding of conducting similar assignment. S/he is expected to have a minimum master's degree in relevant discipline.

5. Reporting Requirement and Time Schedule for Deliverables

The selected consultant is required to produce following deliverables during the contract period. The contract period will be 02 calendar months, commencing from the date of contract signed between SAPP and the consultant.

- a. Inception Report along with time frame and study methodology (including data analysis design), questionnaires to be used one week after awarding the contract.
- b. Draft of report 1.5 months after awarding the contract.
- c. Three copies of final report (digital and 2 hard copies) along with Clean Data

6. Payment Schedule (based on progress Reports with milestones)

Payments will be made as follows.

- a. 10% of the agreed budget one week after submission of inception report.
- b. 50% of the agreed amount two weeks after submission of draft report
- c. Remaining 40 % after satisfactory quality check by SAPP after submitting the final report after incorporating the feedback and comments.

8. Method of selection:

The contract will be awarded based on the following criteria and the value of the financial proposal.

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| - Experience of the consultant | – Allocated 10 marks |
| - Similar experience of the consultant | – Allocated 15 marks |
| - Methodology, technical approach, work plan | - Allocated 25 marks |
| - Consultant’s qualifications | - Allocated 50 marks, |

After evaluating the technical proposals and qualification and experience of consultant, the financial proposal will also be considered for the final evaluation.