

TERMS OF REFERENCE: SELECTION OF AN INSURANCE PROVIDER TO INTRODUCE A WEATHER INDEX INSURANCE PRODUCT FOR THE CROP GUARDIAN PROJECT OF MICROFINANCE UNIT (MFU) – WORLD VISION VIETNAM

1. Background information

World Vision is a relief and development organization working to create lasting change in the lives of children, families and communities living in poverty. World Vision serves all people regardless of religion, race, ethnicity or gender. As a child-focused organization, World Vision's (WVV) work focuses on children, ensuring they are protected and their basic needs are met. WVV's current strategy focuses on Nutrition & Health, Child Protection & Participation and Sustainable Livelihoods.

The Microfinance Program (MFU) under World Vision Vietnam (WVV) was established in 2006 to foster improvement in the quality of life among the clients in Vietnam by assisting the economically active poor and graduating the moderate and poorest of the poor into entrepreneurial skills. This will be accomplished through a sustainable Micro Finance program that provides access to loans, insurance and savings within program areas. All aspects of the services that MF program delivers are built to lead the development of appropriate models, capacities and systems for Micro enterprise development in Vietnam, resulting in sustainable economic development as part of WVI transformational development ministry throughout Area Program (AP) communities.

Over nearly 20 years of operation, MFU has expanded its scale and now operates in 11 districts across 5 provinces (Hung Yen, Thanh Hoa, Quang Tri, Da Nang, and Quang Nam).

Crop Guardian project in Hai Lang district is implementing by Area Program and Microfinance Program of World Vision International in Hai Lang District.

The Crop Guardian Project in Hai Lang District is a key initiative of the Livelihood Project under the Area Program (AP) and Microfinance Unit (MFU) of World Vision Vietnam. This project aims to enhance household financial resilience and protect agricultural livelihoods against extreme weather events through sustainable practices and innovative insurance solutions, particularly leveraging weather index insurance.

Key Focus Areas of the Project:

- **Weather Index Insurance:** This automated weather-based insurance diverges from conventional loan offerings. It safeguards against climate risks, boosting farmers' confidence in expanding their crop. The project will work with the insurance company to provide weather index insurance products for at least 200 beneficiary households. The project will subsidize the insurance premium for these 200 households in the first year. In the following years, these households will have the option to renew their contracts if the product meets their expectations.

- **Natural Farming Emphasis:** The project's focus on climate-smart farming techniques surpasses typical agricultural methods. It provides tailored coaching and resources for sustainable farming, a departure from standard practices.
- **Collateral-Free Loans combined with financial literacy:** Besides offering small loans without collateral, especially to vulnerable households, breaks away from traditional lending norms to develop the economy, the project also provides training on financial topics such as: “black credit” prevention, savings, wise expense, household finance management to build up client capacity

To support this effort, MFU seeks a qualified insurance provider to design, implement, and deliver weather index insurance products to at least 200 households that address the unique challenges faced by vulnerable farming households in Hai Lang District. If the insurance product proves successful in Hai Lang, **it could be scaled up to all MFU branches nationwide**. With MFU currently operating in 11 districts across 5 provinces, this expansion could **potentially benefit thousands of farming households**, strengthening their resilience to climate risks.

2. Objectives

- a. To provide affordable and comprehensive weather index insurance solutions tailored to the needs of low – income agricultural households.
- b. To ensure the participating households have financial protection against adverse weather events such as droughts, floods, and storms.
- c. To promote confidence in agricultural investments through a reliable risk management solution.

3. Expected results

- a. Development of weather index insurance products with adequate coverage for common risks affecting crops and farming activities in the project area.
- b. Successful distribution and implementation of the weather index insurance product to at least 200 hecta as part of the Crop Guardian initiative.
- c. Improved resilience of participating households, leading to enhanced income stability and food security.

4. Roles and responsibilities

4.1. MFU's Responsibilities:

- **Representative Role:** MFU will act as the representative to purchase weather index insurance for 200 hecta under the Crop Guardian Project.
- **Provider Selection:** Seek an insurance provider with products tailored to the specific needs of poor, near-poor, and low-income households.
- **Product Design:** Collaborate with the provider to design an insurance product that is affordable, accessible, and appropriate for participating households.

- **Ensure Suitability:** Provide guidelines and requirements to ensure that the product's coverage, limitations, conditions, and pricing meet the clients' benefits and needs.
- **Insurance Purchase and Support:** Execute the purchase of insurance on behalf of the 200 hecta, pay premiums, and provide continuous support to clients throughout the contract period.
- **Monitoring and Supervision:** Work closely with the provider to ensure that the insurance product is delivered on time and effectively.

4.2. Insurance Provider's Responsibilities:

- **Insurance Product Development:** Develop and deliver weather index insurance products that address the specific risks faced by poor, near-poor, and low-income households.
- **Advisory and Support Services:** Provide services such as risk analysis, product advisory, claims process guidance, and related technical support.
- **Training and Information Sharing:** Train local staff, stakeholders and client on the use of the insurance product and the claims resolution process.
- **Claims Resolution:** Handle client claims efficiently and effectively when losses occur due to adverse weather conditions.

5. Expected Timeline and schedule

#	Tasks	Time
1	Launch of call for consultant	Week 1 April 2025
2	Deadline for Proposal submission	Week 2 April 2025
3	Evaluation of proposals	Week 2 April 2025
3	Announcement of selected provider	Week 4 April 2025
4	Sign the contract	Week 4 April 2025

6. Requirements

The selected insurance provider must:

- Be a registered and licensed insurance company in Vietnam, with experience in microinsurance or weather-related insurance products.
- Have a proven track record of developing and delivering innovative insurance solutions for agricultural or rural sectors.
- Work collaboratively with MFU to develop products that meet the specific needs of low-income farmers.
- Provide training and materials to local providers and beneficiaries regarding the weather insurance product.
- Ensure efficient claims processing and timely compensation in the event of weather-related losses.
- Provide a **detailed claim process**, specifying the required documentation, claim submission procedure, processing timeline, and pay out structure.

The insurance product should include:

Type	Weather Index Insurance
Target Market	200 selected hecta under crop guardian project who engaged in agricultural activities
Coverage	Compensation for losses due to specified weather events
Mode of payment	MFU will act as the representative to pay the insurance premiums for the 200 beneficiary households immediately after the contract is signed.
Insurance Term	12 months, with renewal consideration if the product proves suitable.

7. Evaluation Criteria

- Company Information and Past Experience: 5%
- Product Knowledge and Development Capabilities: 10%
- Services and Technical Support: 20%
- Policy Benefits and Premium Structure: 30%
- Cost and Fees: 30%
- References: 5%

9. Application

Application package:

- (1) Company profile
- (2) Company registration
- (3) License to establish and operate in the insurance business sector
- (4) Technical proposal of the Weather Index Insurance product
- (5) Quotation

Interested insurance providers are invited to send the application package to the email address: nguyen_phuc_linh@wvi.org – Senior Procurement Officer

Deadline for application: 11/04/2025