

TERMS OF REFERENCE

Disaster Risk Financing Model Development: Feasibility Study for Parametric Insurance

ABOUT THE ASSIGNMENT

The purpose of this consultancy is to conduct a DRF scoping study to assess the feasibility of developing a shock responsive parametric insurance product in the Philippine market, informed by lessons from DRF scoping work. The assignment will generate clear, evidence-based recommendations on whether and how Oxfam should engage in:

- Partnering with insurance and reinsurance providers; and/or
- Establishing or managing an insurance mechanism under a Mutual Benefit Association (MBA) framework.

BACKGROUND AND CONTEXT

The Philippines remains to be the world's topmost disaster-prone countries for 17 years, with climate-related shocks such as typhoons, floods, and droughts disproportionately affecting low-income households and micro- and small enterprises. These recurring shocks continue to strain humanitarian systems and public resources, reinforcing cycles of vulnerability and recovery dependence.

Initial evidence from Oxfam's Anticipatory Action demonstrates that strategic investments in disaster preparedness and pre-emptive financing can reduce recovery costs, enable affected populations to resume income-generating activities faster, and strengthen resilience to future shocks. Recognizing the critical role of financial institutions in humanitarian crises, Oxfam a scoping study titled "Building Elements of Sustainable Disaster Risk Financing Strategy." The study examined the feasibility of pre-emptive financial services based on parametric forecasting and risk modeling technologies, drawing on strong interest among financial institutions in pre-emptive and disaster-preparedness-oriented financial services. Study results reveal the following critical conditions for sustainability and uptake of anticipatory financing:

- Accuracy and reliability of weather and hazard indices,
- Geographic availability of index data,
- Price affordability and user demand,
- Client financial literacy levels, and

- Availability of funding and risk-sharing mechanisms.

Financial institutions emphasized that grants, subsidized funding, credit risk-sharing arrangements, technical support for product design, staff training, and financial literacy and disaster preparedness support for clients are essential to scale sustainable disaster risk financing solutions.

Building on this evidence, Oxfam Pilipinas is now exploring shock responsive parametric insurance solutions as part of a broader Disaster Risk Financing (DRF) strategy that aims to protect and reduce economic shocks on vulnerable livelihoods of farmers, fishers, informal sector, MSMEs and of other vulnerable sectors. This includes assessing the feasibility of developing an insurance product for households and small businesses, either through partnerships with insurers or through the establishment or management of a Mutual Benefit Association (MBA) model.

SCOPE OF WORK

DRF Scoping Study Lead will undertake the following:

A. Market and Ecosystem Scoping

1. Review of existing Evidence and Lessons learned from Oxfam multiple AA projects implementation, and Building Elements of Sustainable Disaster Risk Financing Strategy study and identify key success factors, gaps, and unresolved feasibility questions.
2. Identify key roles and incentives of key stakeholders in the Philippine disaster risk and inclusive insurance ecosystem, including:
 - Parametric and index-based insurance initiatives
 - Microinsurance and climate finance products
 - Government agencies such as Insurance Commission, PCIS, GSIS, Insurers, reinsurers, brokers, MBAs, cooperatives, MFIs, banks, and development actors.

B. Feasibility Assessment

1. Business, Funding, and Partnership Models
 - Analyze and compare institutional options:
 - Partnership with insurers/reinsurers
 - Oxfam as facilitator or aggregator

- Establishment or management of an MBA
- Assess funding requirements, including:
 - Grants and premium subsidies
 - Credit risk-sharing mechanisms
 - Technical assistance needs

2. Regulatory and Institutional Analysis

- Review regulatory requirements for Parametric and microinsurance products
- Consumer protection and disclosure
- Establishment and governance of MBAs
- Identify compliance risks and enabling conditions.

3. Assess suitability of hazard indices based on:

- Accuracy, reliability, and geographic coverage
- Timeliness for anticipatory payouts
- Basis risk and client trust considerations

4. Demand, Affordability, and Uptake

- Assess demand and willingness to pay among households and small businesses.
- Analyze affordability constraints and subsidy needs.
- Review implications of client financial literacy and disaster preparedness levels on product uptake.

C. Recommendations

- Proposed business model based on comparative feasibility assessment using criteria such as:
 - Financial sustainability
 - Regulatory viability
 - Partnership requirements
 - Operational requirements for entity setting-up
 - Alignment with anticipatory action principles
 - Other factors to consider

RESEARCH OBJECTIVES

The specific objectives of the assignment are to:

1. Build on existing B-READY and DRF scoping evidence to refine Oxfam's strategic options for pre-emptive financial services.
2. Assess the feasibility of shock responsive parametric insurance for disaster-vulnerable households and micro, small, and informal businesses to enable early/anticipatory payouts linked to AA triggers and act as household liquidity that complements AA interventions.
3. Evaluate technical viability of parametric triggers based on hazard data accuracy, availability, and basis risk.
4. Analyze demand, affordability, and financial literacy considerations among target users.
5. Review regulatory, policy, and institutional requirements for parametric insurance and MBA operations.
6. Identify funding, subsidy, and risk-sharing mechanisms required for sustainability.
7. Recommend viable business, governance, and partnership models aligned with Oxfam's mandate and operational role.

SCOPE OF WORK AND KEY DELIVERABLES OF THE CONSULTANT

1. Inception Report – methodology, analytical framework, and stakeholder engagement plan
2. Draft DRF Scoping Study Report – integrating DRF study evidence and new analysis.
3. Final DRF Scoping Study Report, including:
 - Feasibility assessment matrix
 - Recommended institutional and business model(s)
 - Funding and risk-sharing options
 - Pilot design scenarios and indicative costs
4. Presentation to Oxfam and Key Stakeholders.

DURATION OF ASSIGNMENT

Activities	Date	Responsible Person
1. Inception Meeting	3 rd Week Jan 2026	Oxfam and Consultant
2. Submission of Inception Report	3 rd Week Jan 2026	Consultant
3. Data Collection and Validation	4 th Week Jan to 3 rd week Feb 2026	Consultant
4. Preparation of draft report	4 th Feb 2026	Consultant
5. Submission of Final Report and presentation material	3 rd week of March 2026	Consultant

QUALIFICATIONS

The Consultant should have:

- Advanced degree in economics, finance, actuarial science, disaster risk management, or related fields
- At least 10 years of experience in disaster risk financing, insurance, or climate risk
- Strong understanding and knowledge on:
 - Parametric or index-based insurance design
 - Microinsurance or inclusive insurance markets
 - Anticipatory Action or forecast-based financing
 - Insurance regulation in developing contexts (Philippines experience preferred)
- Proven experience leading multi-stakeholder scoping or feasibility studies
- Excellent analytical writing and presentation skills

APPLICATION REQUIREMENTS

To apply, please submit the following documents in a single file to ophrecruitment@oxfam.org.ph.

1. Up-to-date Curriculum Vitae. If the consultant is submitting an application in behalf of an organization, a profile of the organization showing their suitability and a letter from the organization's Director authorizing the applicant to submit a bid in behalf of the organization.
2. Expression of Interest letter (1-2 pages maximum) which describes the consultant's relevant experience and expertise, as well as detailed proposal for the scope of work and indicative timeline and budget for the assignment.

Please use the email subject format: Position Applied For - Surname, First Name.

COST AND PAYMENT TERMS

The Consultancy engagement budget is **Php 200,000, maximum** (subject to tax) for contract period and are exclusive of data collection activities, accommodation, and transportation expenses. Disbursement of service fee will be determined during induction period.

KEY CONTACTS

Commissioning Manager:

MARIA THERESA ABOGADO—Anticipatory Action Lead, Oxfam Pilipinas