

TERMS OF REFERENCE

Scoping Reef Insurance for Restoration and Risk Recovery in Palau

1. Background and Rationale

Palau's coral reef ecosystems play a critical role in supporting local livelihoods, food security, and coastal protection. Increasing threats from climate change, extreme weather events, and human impacts have intensified the need for reliable, sustainable mechanisms to support reef recovery after physical damage.

In response, The Nature Conservancy (TNC) Micronesia, through the Global Fund for Coral Reefs (GFCR), is leading efforts to explore the use of insurance as a risk transfer mechanism that can provide timely post-impact financing for reef restoration in Palau. This initiative is being implemented in collaboration with Rare, particularly its Innovative Finance team, which brings deep experience in nature-based insurance solutions, environmental finance, and stakeholder-centered research and design.

This Terms of Reference outlines the scope of work for a consultant to support this scoping effort by assessing legal and institutional readiness, engaging relevant stakeholders, and identifying viable pathways for implementing reef insurance in the Palauan context.

2. Objectives

This assignment aims to assess the readiness of Palau to pursue reef insurance as a financing mechanism for reef restoration. The consultant will work in close coordination with Rare and TNC to:

- Review the legal and institutional frameworks that could enable reef insurance and identify gaps or opportunities for risk transfer mechanisms;
- Identify potential policyholders, institutional leads, and claims administrators;
- Explore premium funding sources, including public, philanthropic, and blended finance models;
- Review relevant global insurance models to highlight design features applicable to Palau's context;
- Engage stakeholders to ground the findings in local realities and outline actionable next steps.

3. Scope of Work

Workstream 1: Legal and Institutional Assessment

- Review national and subnational laws, policies, and institutions relevant to reef restoration, environmental finance, and insurance;
- Assess whether enabling conditions exist, including:
 - Coral reef risk management or restoration plans;
 - Designated governance or response bodies;

- Monitoring and valuation mechanisms;
- Legal clarity on reef custodianship and jurisdiction.

Deliverable: *Legal and Institutional Assessment Report*, summarizing key findings, enabling conditions, and readiness indicators.

Workstream 2: Review of Reef Insurance Models

- Summarize relevant global insurance mechanisms for natural assets and extract key features relevant to the Palauan context;
- Assess relevance in terms of:
 - Geographic and ecological scale;
 - Governance capacity and institutional architecture;
 - Community engagement and implementation feasibility;
- Highlight high-level elements of potential design, while noting that in-depth design is reserved for a future phase.

Deliverable: *Review of Reef Insurance Models*, summarizing global examples and their applicability to Palau.

Workstream 3: Stakeholder Mapping and Engagement

- Identify key institutions and actors across government, civil society, and the private sector, including potential policyholders, institutional leads, and claims administrators;
- Conduct key informant interviews to gather perspectives on feasibility, institutional roles, and interest in reef insurance;
- Explore potential premium funders and identify prospective implementation champions.

Deliverable: *Stakeholder Map and Engagement Summary*.

Workstream 4: Implementation Pathway and Recommendations

- Outline a high-level roadmap for moving from scoping to planning and deployment;
- Recommend priority actions to prepare for a future implementation phase, including institutional strengthening, data readiness, or further feasibility studies.

Deliverable: *Implementation Pathway and Recommendations Report*, detailing next steps and priority actions.

Final Outputs

- **Final Consolidated Report:** A synthesis of all findings, combining the outputs of the four workstreams and including an executive summary;
- **Presentation Deck:** A slide presentation summarizing key findings and recommendations, suitable for sharing with TNC, GFCR, and local partners.

4. Duration

The contract duration is **four (4) months**, with an expected start in **August 2025** and completion by **December 2025**.

5. Management and Reporting

The consultant will report to Diane Figueroa, Director for Innovative Finance – Asia Pacific at Rare.

6. Consultant Profile and Qualifications

The ideal candidate is an **individual based in Palau**, with the following qualifications:

- Strong stakeholder engagement skills, including experience conducting key informant interviews and facilitating discussions;
- Excellent strategic research and synthesis skills, particularly in environmental, policy, or institutional contexts;
- Familiarity with environmental finance, coastal ecosystem governance, or climate adaptation frameworks.

7. Payment Schedule

Payments will be made upon submission and acceptance of deliverables according to the following schedule:

% of Payment	Deliverable/s	Due Date
10%	<ul style="list-style-type: none">• Upon signing of contract	22 August 2025
30%	<ul style="list-style-type: none">• Legal and Institutional Assessment Report• Review of Reef Insurance Models, summarizing global examples and their applicability to Palau.	17 October 2025

40%	<ul style="list-style-type: none"> • Stakeholder Map and Engagement Summary • Implementation Pathway and Recommendations Report, detailing next steps and priority actions 	14 November 2025
20%	<ul style="list-style-type: none"> • Final consolidated report • Presentation deck 	12 December 2025

8. Submission Instructions

Interested individuals should submit the following documents by **18 August 2025** to **dfigueroa@rare.org**:

- A **technical proposal** outlining their understanding of the assignment, proposed approach, and relevant experience;
- A **financial proposal** with estimated costs to deliver the scope of work;
- An up-to-date **CV**;
- Samples of past work or references (optional but encouraged).