

Call for Proposals for Consulting Service on Risk-Based Supervision

Development of a Framework and Handbook on Risk-Based Supervision for Cooperatives
(individual freelancer consultants, consortia of individual consultants, and consulting firms are able to apply)

Background

There are over 20,000 registered cooperatives in the Philippines, encompassing a wide range of sizes and services, most notably in the provision of credit to their members. The rapid growth of some cooperatives, both in asset size and membership, introduces increased risks and elevates the need for enhanced internal organization, risk management, and governance. Despite the growth and complexity, adherence to minimum standards remains inconsistent across the board.

The challenge, from a national point of view, lies in addressing the varied needs of the cooperatives, ranging from developmental support for smaller entities to more stringent regulatory requirements for larger ones. To enhance regulatory compliance and ensure the safety of member assets within the cooperative system, regulatory standards need to be refined, and risk-based approaches adopted.

We are seeking a consultant, who can guide a Technical Working Group (TWG) consisting of representatives from the Cooperative Development Authority (CDA) as well as technical resource people from other relevant stakeholders to develop a framework and handbook for risk-based supervision for cooperatives that are engaged in lending.

Objective

The objective of this consultancy is to provide expert guidance in the development of a framework and handbook on **risk-based supervision** tailored to **cooperatives that are engaged in lending**. The consultant will play an important role in steering the project towards its goal of establishing a robust regulatory framework that ensures the effective supervision and regulation of cooperatives.

Scope of Work

The consultant will undertake the following tasks and responsibilities:

- Actively participate in and guide the TWG meetings (up to four 3-day meetings in Quezon City, Metro Manila) between now and 28th February 2025, providing expert technical advice, opinions, and insights during these sessions to guide the development process effectively. This might include, when requested, presentations on certain technical aspects.
- Help the TWG to prepare the TWG meetings by contributing to shaping the agenda of each meeting and identifying aspects that need to be addressed as well as, if necessary, inviting external resource persons for specific aspects.
- Regularly comment and edit current versions of the regulatory handbook with the objective of alignment with best-practices and of achieving regulatory consistency.
- Regularly report to DGRV about the progress of the work of the TWG.
- Be available to answer technical queries by members of the TWG.
- Ensure the handbook is practical for implementation, addressing the specific needs and challenges of overseeing a diverse range of cooperatives, including financial and non-financial entities.

- Prepare and organise together with CDA representatives a workshop to train pilot auditors.
- Support CDA is evaluating pilot audits with the aim to collect data for finalising the supervisory manual.
- Provide advice and guidance to CDA on how to improve the general framework (guidelines, resources, methodologies, systems) for supervision.
- Upon request, provide feedback to DGRV on the progress of implementation of the activity and provide guidance how to integrate the aspect of regulation and financial risk management effectively into their overall project approach.

Process

The assignment will follow the following process and timeline.

Time	Activity	Desired outcome
October – December 2024	<ul style="list-style-type: none"> • Review of the current version of the supervisory handbook. • Review of current supervisory practices and systems of CDA • Facilitation of up to 3 TWG meetings. 	<ul style="list-style-type: none"> • Agreement on changes in the supervisory handbook • Agreement on the scope for recommendations to CDA on their internal supervisory methodology and process
January 2025	<ul style="list-style-type: none"> • If needed, facilitation of up to 1 additional (optional) TWG meeting. • Final draft of the pilot version of the handbook. 	<ul style="list-style-type: none"> • Finalisation of the manual for pilot testing.
January – April 2025	<ul style="list-style-type: none"> • Pilot training with 3 large cooperatives by CDA (by TWG members without support by consultant) • Draft concepts and recommendations for the overall supervisory framework of CDA. 	
May – June 2025	<ul style="list-style-type: none"> • Presentation of the results of the pilot audits by pilot auditors. • Final write-up of the supervisory handbook and recommendation paper. • Presentation to CDA 	<ul style="list-style-type: none"> • Finalisation of the manual • Finalisation of supervisory framework for CDA

(The timeline is just an estimation; actual implementation might deviate and can be reorganised)

Deliverables

The consultant is expected to deliver the following outputs:

- A new version of CDA's supervisory handbook incorporating a risk-based approach.
- A conceptual supervisory framework for CDA for implementing the concepts and principles I the supervisory handbook.

The consultant is responsible to ensure that all the deliverables are coherent, practical and according to known best-practices for supervising small financial institutions.

Time frame and estimated commitment

The assignment will be completed until latest 31. July 2025. The estimated time commitment is as follows (1 day = 8 hours):

- Workshop participation up to 18 days
- General coordination and preparation work up to 2 days
- Drafting and write-up up to 10 days
- General research up to 20 days
- **TOTAL up to 50 days**

These figures are only estimations. The proposal as well as the actual work commitment might differ significantly from these figures. Remuneration will be based on actual work-days conducted.

Qualifications

- A master's degree or higher in subjects related to economics, business administrations, law, or related subjects.
- A minimum of 8 years of experience working in regulatory authorities such as BSP relevant advisory functions or as an auditor.
- Experience in risk management, risk assessment and/ or risk monitoring in an internal or external function for an institution providing financial services.
- Proven understanding of financial performance and risk indicators in banking and/ or microfinance.
- In depth knowledge of the cooperative eco-system in the Philippines.
- Experience working together with different stakeholders to solve problems.
- Experience working with regulatory authorities in other countries as well as knowledge on regulatory frameworks in other countries is beneficial.
- Strong facilitation and stakeholder engagement skills.
- Strong communication skills.
- Excellent analytical, writing and communication skills.

For Application

If you are interested to apply, please provide the following documents:

For consulting firms or consortia:

- a short profile, highlighting your expertise and experience.

For individual consultants and consulting firms/ consortia

- Your CV/ a CV of all consultants involved, highlighting your expertise and experience according to the criteria describe above.
- A technical proposal on how the assignment is to be achieved and which methodologies are to be employed. The technical proposal should incorporate a brief description of what risk-based supervision is and how it can be applied to cooperatives.
- A financial proposal including the number of days and daily honorarium fee as well as any other expenses or itemized costs. (Only proposals based on a daily honorarium or a fee per output will be considered).

Please provide the following documents by latest 04. October 2024 to: philippines@dgrv.coop

About DGRV

DGRV – the German Cooperative and Raiffeisen Confederation is the national apex organization and top-level auditing confederation of the cooperative sector in Germany.

Since more than 40 years, DGRV is engaged in international development cooperation. In more than 30 partner countries, DGRV provides consultancy and helps to develop cooperative systems and structures aiming at a sustainable development of the cooperative sector.

Cooperatives are a proven organisational and legal form for cooperation in various ways, from which the individual members as well as the entire committed community benefit.

Cooperatives and their members represent ethical values such as honesty, transparency, social responsibility, and mutual solidarity. The principles of self-help, self-administration and self-responsibility as introduced by F.W. Raiffeisen are of crucial importance.

For more information, visit: www.dgrv.coop