



# Index-Based Livestock Insurance (IBLI)—Lessons in extension and outreach: A case of Wajir County

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## Introduction

In recent years, the International Livestock Research Institute (ILRI), with many partners, has pursued a substantial research for development program to design, develop and implement market-mediated, index-based insurance products that protect livestock keepers in arid and semi-arid lands (ASALs) from drought-related asset losses.

From the first pilot in 2010, adoption of Index-Based Livestock Insurance (IBLI) has taken place in Isiolo, Marsabit and Wajir in northern Kenya and in Borena zone in Ethiopia (Mude et al. 2010). IBLI has further expanded its operations to Mandera and Garissa in northern Kenya.

As the pilot begins to scale up and out with increasing momentum, understanding market functions and extension delivery mechanisms is a necessary step to offering IBLI to more pastoralists in remote, infrastructure-limited areas in a cost-effective, timely and sustainable manner.

In 2014, ILRI and the Kenya Markets Trust (KMT) jointly launched a study in Wajir County to:

- Identify and tap knowledge from experienced actors in the stated study areas for executing extension, marketing and sales functions.
- Map aggregation points and distribution channels for information dissemination among pastoralists.
- Determine key actors and mechanisms of community engagement to design a comprehensive marketing and implementation strategy.

Wajir County was chosen as the study site because there was an IBLI payout there in 2013 and because it is representative of Garissa and Mandera counties. Wajir is located in the former North Eastern Province of Kenya and covers an area of 56,685 sq km. It has 88,574 households with 57% of the population being male and 43% female and a population density of 12 people per sq km. Wajir town is a key commercial hub in the upper northeastern region with government offices, banks and commercial enterprises such as slaughterhouses and supermarkets located there. Most of the land in the country is arid and livestock production contributes over 70% of household incomes. Of the several challenges facing the county, erratic rainfall, regular drought and poor water quality due to depletion of aquifers are among its most pressing. In addition, the literacy level in the county is about 19% with a lot left to be desired in terms of infrastructure and institutions.<sup>1</sup>

This study aimed to map information flows across Wajir, understand where and when pastoralists aggregate and identify the most cost-effective and efficient mechanisms of communicating IBLI to pastoralists. The qualitative study was carried out in May 2014. Twenty-nine key informant interviews and 11 focus group discussions (FGDs) were carried out, disaggregated across gender. Since the study assessed insights from the field, a content analysis was used to classify information under emerging themes based on study objectives. Content analysis is effective in qualitative market studies such as these, as the 'counts' of the textual elements provide a means for identifying, organizing,

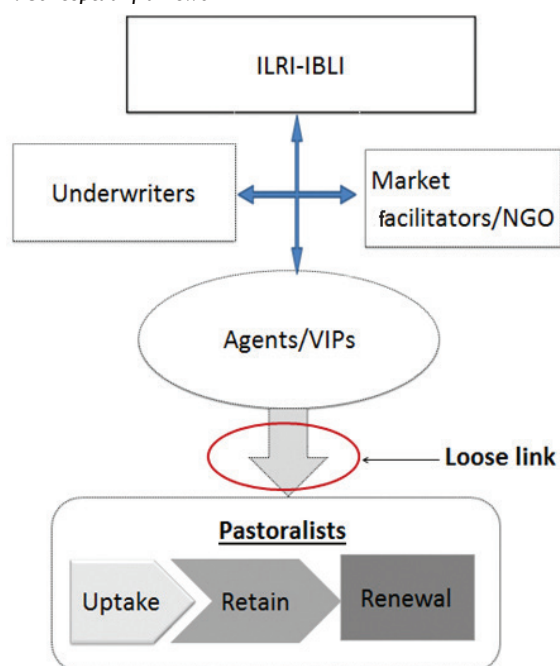
1. <http://www.wajir.go.ke>

indexing and retrieving data. It provides a method of obtaining 'access' to the words of the text or transcribed accounts offered by the respondents (Glassner and Loughlin, 1987). Using this method gave the investigators an understanding of the issues surrounding IBLI and the possible way of addressing them.

## Conceptual framework

When IBLI was first conceptualized, one of the indicators of its success was catalyzing the informed demand among the pastoralist clientele. Clients need to be educated on how IBLI works and convinced of its value before they make a purchase decision. This, in turn, requires complete clarity among stakeholders who include local NGOs, development partners, underwriters and insurance companies providing and implementing the product. At the frontline are sales agents, who are locally sourced employees of insurance companies (also known as village insurance promoters (VIPs) and who are jointly trained by ILRI and the implementing agents). These sales agents are responsible for facilitating informed uptake, increased retention and consistent renewal (see Figure 1).

Figure 1: Conceptual framework



Source: Authors

Our findings show that there is a 'loose link' or a gap in the relationship between agents and the pastoralists, which influences the IBLI implementation process. This 'loose link' (Figure 1) is common in all the sites where IBLI is sold currently. Though residents are aware of IBLI in many areas, there is insufficient understanding of its critical concepts. This in the long run could lead to misinformation and declining trust in the institutions providing IBLI as well as in the product itself. This brief highlights main findings from the study, explains the causes and consequences of this 'loose link' and gives recommendations.

## Findings

The findings below are a summary of characteristics of, and challenges faced by, pastoralists in northeastern Kenya:

Characteristics	Constraints
<p><b>Oral society:</b> Pastoral communities are 'oral societies' and thus radio, mobile phones and face-to-face engagement is highly preferred. They trust information from specific sources and individuals.</p> <p><b>Aggregation points:</b> Water points, livestock markets, chiefs <i>barazas</i> and trading centres are the most important pastoralist aggregation points to repeatedly discuss the need to integrate IBLI into their livestock systems.</p>	<p><b>Understanding and acceptance:</b> Most pastoralists have not yet fully grasped the basic concepts of IBLI, which is necessary to trigger informed demand, including religious and cultural compliance.</p> <p><b>Capacity development:</b> The effectiveness of the agent/VIP model is constrained by the selection process of the agents, insufficient process of training, remuneration and coordinators.</p>
<p><b>Infrastructure:</b> Poor basic infrastructure and low literacy levels are accentuated by limited mobile network coverage, which constrains effective and timely communication.</p>	<p><b>Promotion and sales:</b> In order to increase uptake and further renewals of IBLI, intensive and creative methods of (branding) promotion and sales need to be adopted.</p>

Source: FGDs and key informant interviews



## Recommendations

**Dissemination and recurrence of information:** Intensive sensitization on the importance of IBLI is essential for up-scaling because providing regular and consistent information leads to better understanding. Pastoral communities are 'oral societies' and thus face-to-face engagement is highly preferred and radio and mobile phones are popular. However, low use of SMS can be attributed to low literacy levels. Efforts to pass information to pastoralists should target aggregation points, as well as local radio stations, especially between 1700 and 2100 hours.

**Sales and promotion strategies:** As part of increasing visibility and maintaining a constant presence, it is recommended that underwriters venturing into this market consider branding IBLI and become involved in corporate social responsibility events, such as sponsoring borewells and vaccinations drives, to raise their profile in the community. Underwriters could work with county governments in this process.

*Infrastructure and institutional set-ups:* Agents often travel long distances to sell IBLI and they are sometimes unable to reach interested buyers living away from towns. Also, the public transport relied on by agents might not reach areas where some pastoralists live. It is, therefore, recommended that underwriters work towards acquiring adequate transport facilities, such as motorbikes, to enhance their mobility and reach. In addition, agents should be required to share their communication details, such as telephone numbers, with potential clients in the event that clarifications need to be made after visits since IBLI is a complex product to understand.

Furthermore, it is also important to map out the current market infrastructure and the potential actors who could play a role in supplementary feeding and maintenance of livestock. A comprehensive study to understand the value chain system in IBLI target areas is recommended.

*Religious and cultural compliance:* Efforts should be made to ensure acceptance of IBLI by local institutions including ensuring its cultural and religious compliance through a continuous process of engagement with religious and community leaders.

*Recruitment and remuneration:* The study recommends that agents be selected from among individuals with strong roots in the community, who have experience in business and livestock management and who are moderately educated. These agents must also possess good communication skills, a knowledge of the target area and, most importantly, they must have the trust of their community. It is recommended that adequate incentives be put in place to motivate underwriters and agents, which go beyond the sales window period<sup>2</sup> and are based on a long-term association with the underwriting organization.

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2. There are two sales window periods for IBLI: 1. January and February 2. August and September

## Conclusions

Many changes in IBLI's design and implementation strategies have taken place since May 2014 when the study was carried out. For example, following the recommendations of this study, the underwriter of the Sharia-compliant version of IBLI has come up with a new agency model which uses lead agents for each division who are responsible for identifying their 'sub-agents' in consultation with the county IBLI coordinators. The IBLI product has also changed from a contract that predicts area-average livestock mortality to a forage scarcity contract whereby the product's main feature helps pastoralists to keep and manage their livestock during the worst and most stressful droughts. Against this background, it will be essential to understand how these changes impact the level of informed demand, the pastoralists' ability to recognize the value of the product and their willingness to purchase and regularly renew IBLI. Overall, these changes could potentially disclose other relevant insights that may further improve the value of IBLI to pastoralists.

## References

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