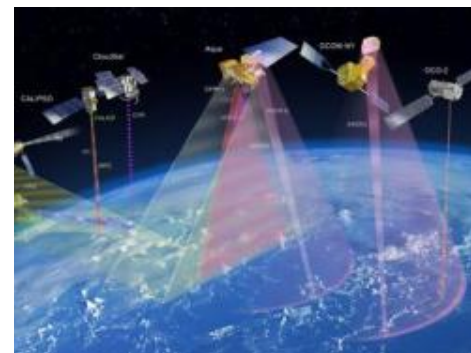


# Incubating a promising financial solution for the drylands:

*Toward sustainable index-based livestock insurance (IBLI) for pastoralists*



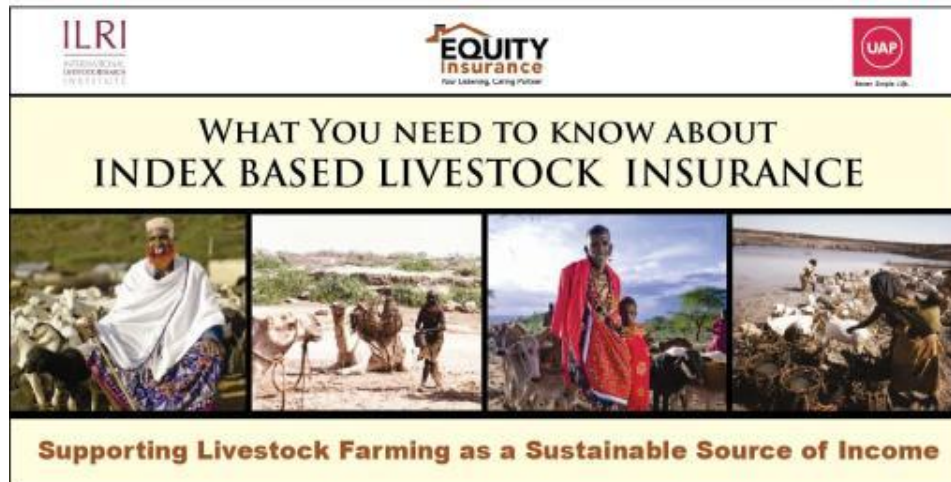
Andrew Mude

Borlaug 2016 Dialogue side event on Climate Proofing One Third of the World: Tools for Resilient Drylands, Des Moines, 12 October 2016



## THE IBLI R&D CHALLENGE

*Can index-based insurance make a significant and sustainable contribution to the challenge of helping pastoralists manage the considerable risk of drought-related livestock losses they face?*

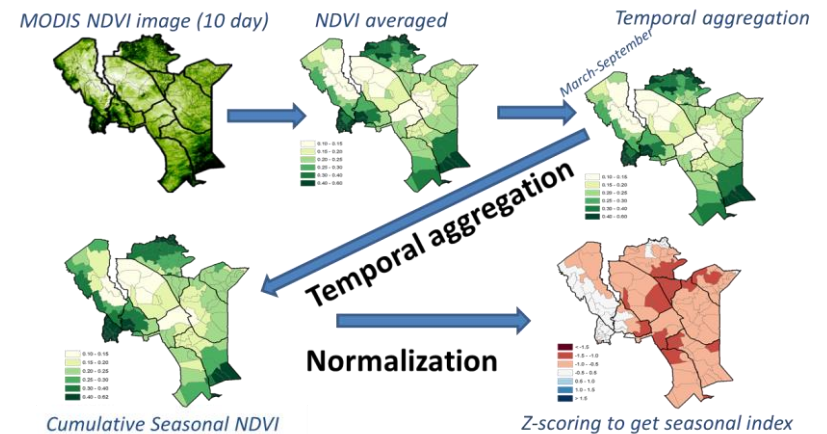
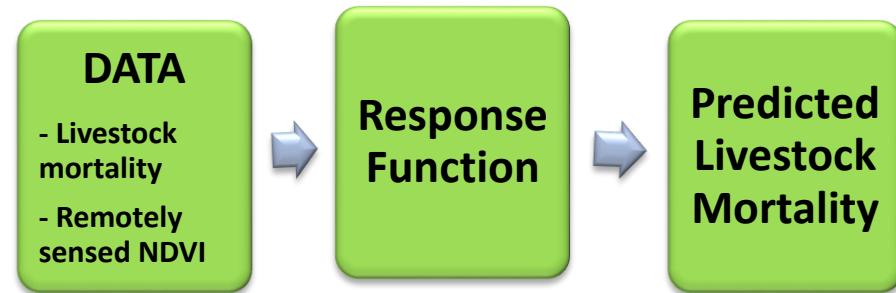


The image shows the cover of a report. At the top, there are three logos: ILRI (International Livestock Research Institute), EQUITY insurance (Fair Livestock, Caring Partner), and UAP (United Animal Producers). Below the logos, the title 'WHAT YOU NEED TO KNOW ABOUT INDEX BASED LIVESTOCK INSURANCE' is written in a yellow box. Underneath the title, there are four small photographs: a woman in a white shawl with a goat, a camel in a dry landscape, a woman in a red shawl with a child, and a group of people near a body of water. At the bottom, a yellow box contains the text 'Supporting Livestock Farming as a Sustainable Source of Income'.

- 1. Precise contract design:**
- 2. Evidence of value and Impact:**
- 3. Establish informed effective demand,**
- 4. Low cost, efficient, delivery mechanisms**
- 5. Policy and institutional infrastructure.**



- **Objective (Initially):** To insure against drought- related livestock mortality. *Asset Replacement.*
- **Index:** Predicted average livestock mortality.
- **Contract Evolution:** From Asset Replacement to *Asset Protection*
- **Index:** Seasonal Forage Availability



For references refer to <https://ibli.ilri.org/publications/>

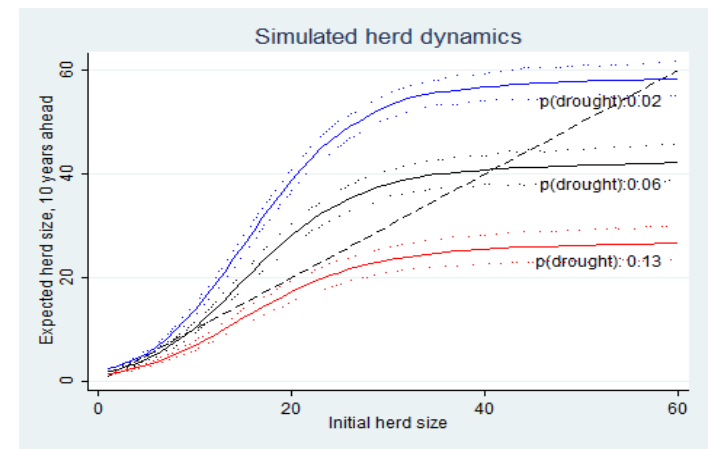
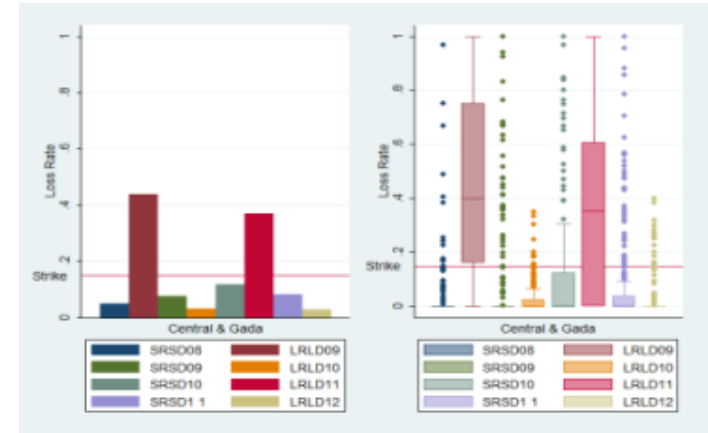
## Methods:

- Panel survey for impact assessment
- Monitoring Evaluation and Learning surveys and interactions

## Evidence:

- Wide range of positive household impacts
- Quantification of risk-coverage precision of contracts
- Indication of value-for-money for public expenditure

For references refer to <https://ibli.ilri.org/publications/>



- Capacity Development, Training, Extension and Marketing

- Critical for ensuring impact and scaling efficiently
- Unlocks a rich and important new research agenda

Level 1: Knowledge and tools for government and insurance industry policy makers

Level 2: Knowledge, skills and job aids for IBLI/KLIP sales agents and promoters

Level 3: Awareness raising for potential clients



- Need to solve for the cost of service provision in the drylands
- Application of digital technological solutions
  - *will be critical to reducing costs and going to scale*

Client Registration Information

National ID / Refugee ID:

First Name:

Last Name:

Navigation: back, next

Progress indicator: 1 of 4 steps active

Bottom bar: Login, Client Registration, Insurance policy Information, Complete Transaction

Registration of Animals to be Insured

Please enter the number of livestock being insured for each animal type

Images of a cow and a camel, each with a '0' input field.

Navigation: back, next

Progress indicator: 2 of 4 steps active

Bottom bar: Login, Client Registration, Insurance policy Information, Complete Transaction

APA INSURANCE

-/--

MIFUGO MAISHA

Division: CENTRAL MARSABIT

Usipopata arafa kwa muda wa juma moja baada ya kununua au kama una amewali zaidi kuhusu bima hii tafadhali tugiie simu majira ya ofisi katika namba: 0722 276 556

Weka Kadi hii mahali salama (Waweza lipa kwa MPESA paybill number - 511600)

Navigation: back, next

Progress indicator: 3 of 4 steps active

Bottom bar: Login, Client Registration, Insurance policy Information, Complete Transaction

Congratulations!

You have successfully completed your

Notification SMS was sent to client!

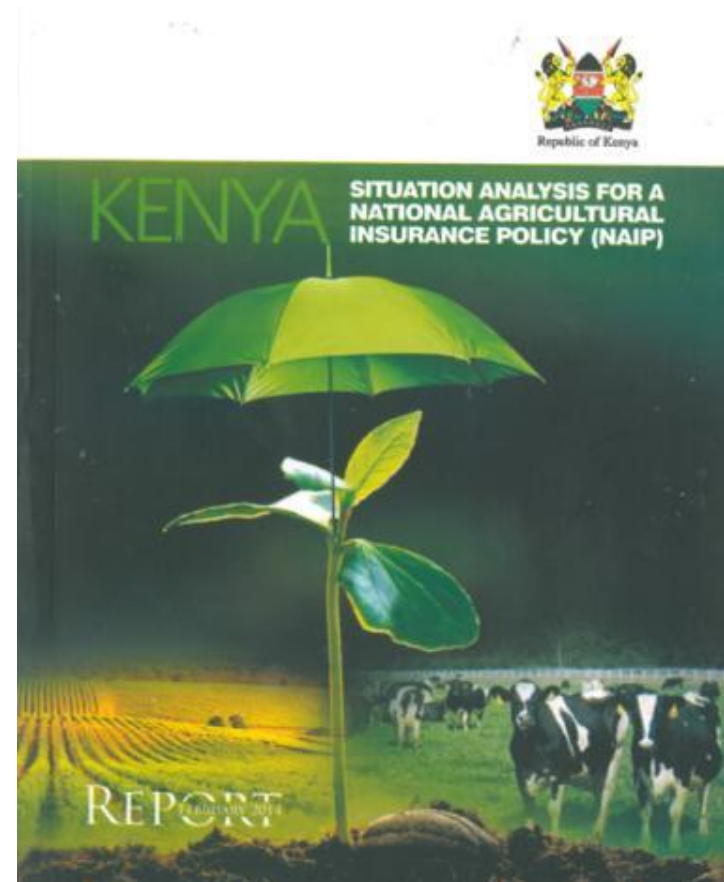
The transaction information has been sent

Navigation: back

Progress indicator: 4 of 4 steps complete

Bottom bar: Login, Client Registration, Insurance policy Information, Complete Transaction

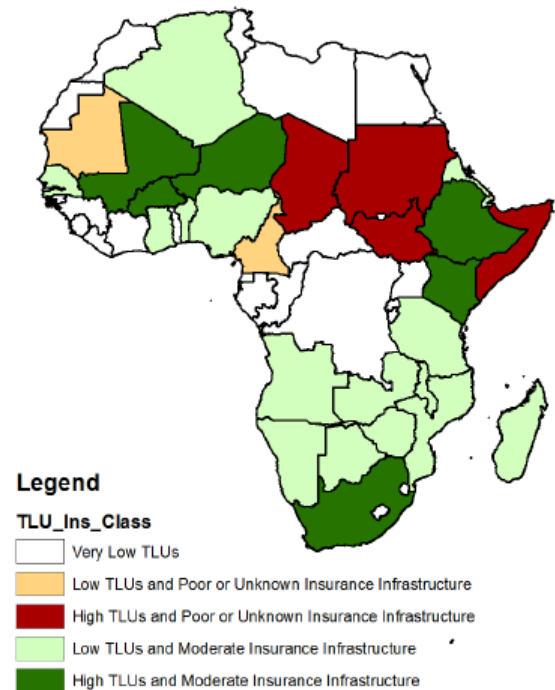
- Well articulated policy structures as the foundation for sustainable scale
- The important role of public support
- Determining the optimal mix of public/private roles and responsibilities as critical





- Over 11,750 herders in N. Kenya and 4,000 in S. Ethiopia have purchased IBLI
- The GoK and the launch of the Kenya Livestock Insurance Program
- WFP Ethiopia testing comprehensive inclusion of IBLI
- How to meet the growing demand across SSA:
  - **impacts based targeting** – strategic deployment in areas of high relevance
  - Standardization and rating of contracts
  - Standardization of methods: extension, capacity development etc.

**Africa Classification for IBLI  
“Relevance Zones”**



(Mills et al., 2015 Cornell Working Paper)



# Thank you!

For more information on IBLI, visit <https://ibli.ilri.org/>

*better lives through livestock*

ilri.org

ILRI thanks all donors and organizations who globally supported its work through their contributions to the **CGIAR system**

*Patron: Professor Peter C Doherty AC, FAA, FRS*

*Animal scientist, Nobel Prize Laureate for Physiology or Medicine–1996*

Box 30709, Nairobi 00100 Kenya  
Phone +254 20 422 3000  
Fax +254 20 422 3001  
Email [ilri-kenya@cgiar.org](mailto:ilri-kenya@cgiar.org)

ilri.org  
*better lives through livestock*  
ILRI is a CGIAR research centre

Box 5689, Addis Ababa, Ethiopia  
Phone +251 11 617 2000  
Fax +251 11 667 6923  
Email [ilri-ethiopia@cgiar.org](mailto:ilri-ethiopia@cgiar.org)

*ILRI has offices in East Africa • South Asia • Southeast and East Asia • Southern Africa • West Africa*

