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“Bridging the gap between increasing knowledge and decreasing resources”

## Identifying Potential Methods of Up-Scaling Index Based Livestock Insurance: Lessons in Extension and Outreach

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### Abstract

About 80 percent of Kenya are arid or semi-arid lands (ASAL) with the main livelihood being pastoral, agro-pastoral and subsistence agriculture. The populations in these areas, among the poorest in the country, suffer from a weak natural resource base in addition to weak institutions and infrastructure. In such cases droughts act as a covariate shock that erodes livestock assets making most households fall into a poverty trap. Such situations leave the poor pastoralists with few available strategies to manage and cope with livestock mortality risk. To protect livestock keepers in the ASALs from drought-related asset losses, the International Livestock Research Institute (ILRI), in collaboration with a suite of partners, developed and implemented a market-mediated index-based insurance product. The Index Based Livestock Insurance (IBLI) is calculated by using a measure of pasture availability that is recorded by satellites, called the Normalized Differenced Vegetation Index (NDVI). This index is then used to predict the livestock mortality rate in specified divisions. From its first pilot in Marsabit district in 2010, the adoption of IBLI has taken place in Isiolo and Wajir in Northern Kenya and the Borana zone in Southern Ethiopia in collaboration spearheaded by public and private partners. A market study was conducted in Wajir, Mandera and Garissa in Northern Kenya with the aim of mapping how information flows in these regions; understanding where and when pastoralists aggregate themselves; and identifying the most efficient mechanisms for spreading information about IBLI in a cost effective and efficient manner. The agent model is used in delivering the product to the pastoralist. Even though the IBLI product is commercially viable, a review of the uptake process shows that delivering it in such a complex socio-economic and institutional set-up is challenging. The implementation process was faced with constraints related to effective information dissemination and efficient service delivery mechanisms. Therefore, understanding market functioning and identifying the asymmetry between the service providers and the pastoralists is a necessary step in ensuring sustainability in service delivery to such marginalised groups.

**Keywords:** Extension, index based livestock insurance, Kenya, service delivery