Incubating a promising financial solution for the drylands:

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

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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?
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/](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

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• Capacity Development, Training, Extension and Marketing
  – Critical for ensuring impact and scaling efficiently
  – Unlocks a rich and important new research agenda
• 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
• 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.

(Mills et al., 2015 Cornell Working Paper)
Thank you!

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

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