Improving the Agency Model in distribution of Index Based Livestock Insurance (IBLI)– a study of Takaful Insurance of Africa

ILRI RESEARCH REPORT

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Improving the Agency Model in distribution of Index Based Livestock Insurance (IBLI)–a study of Takaful Insurance of Africa

Rupsha R. Banerjee, Duncan C. Khalai, Diba Galgallo and Andrew Mude

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1. Context

Since 2008, the International Livestock Research Institute (ILRI) has been carrying out research and supporting implementation of index-based livestock insurance (IBLI), designed to help pastoralists deal with severe drought situations in the arid and semi-arid lands (ASALs) of northern Kenya and southern Ethiopia. ILRI has been working primarily with APA Insurance and Takaful Insurance of Africa (TIA) as private-sector partners in marketing, distribution and sale of IBLI as a commercial product. TIA introduced IBLI as a Sharia-compliant product—Index Based Livestock Takaful (IBLT)—in Wajir county in August–September 2013, using a distribution model based on temporary employment of local youth. The young people were largely secondary-school leavers who were identified and taken through a formal product-training module jointly delivered by TIA and ILRI.

This approach faced various challenges, which included low levels of trust by the community towards the temporary agents, a high turnover rate of the agents after training and difficulty in monitoring and retaining agents before, during and after the sales period.[1]

In 2014, based on the request of TIA, a joint market study conducted by ILRI, Kenya Markets Trust and TIA resulted in the latter adopting an agency structure for the sale and distribution of IBLI based on recommendations from the study. The agency structure entailed having a county coordinator who would identify lead agents for each IBLT division who, in turn, would be responsible for identifying 'sub-agents' at the village/ward level. TIA rolled out this model in Wajir, Isiolo, Mandera, Garissa, Marsabit and Tana River counties, where they are currently operational.

Under the new three-tier agency structure, the county coordinator oversees the overall operations of IBLT within the county. They are supposed to identify lead agents and recommend them for hire, with the support of the TIA head office for all the divisions within their county of responsibility. The lead agents' role is to identify and create their own distribution channels and networks to sell IBLI. The network created under the lead agents comprises sub-agents who should have business established within the community, be well known in the community and be competent enough to sell IBLI; being a shop-based agency model.

The sub-agents are trained in the mobile sales application prior to the sales period and are provided with a programmed mobile handset which they use for insurance sales transactions. At the 'back end' of the system, the mobile phones are activated on the first day of the sales window and deactivated on the last day of the sales window; after all sales transactions have been recorded on the database. According to this model, sub-agents receive 8% commission on individual sales at the end of the sales window, while the lead agents receive a retainer of KES20,000[2] (approximately USD200) per month together with a 2% commission on each of their division's combined sales.

Within this model, TIA has been able to retain most of its lead agents because of the monthly retainer of USD200 and has gained a level of trust among community members by recruiting local shop owners as agents. The use of a mobile-based sales transaction platform has helped to reduce the loss of sales data, reduce challenges in tracing beneficiaries during payouts, assist in calculating commissions and reduce the time spent filling out manual forms.

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1. IBLI sales follow the bimodal rainfall pattern. Therefore, IBLI is sold twice a year: before the 'long rain long dry' season in January and February and before the 'Short rain short dry' season in August and September.

2. On 17 October 2017, USD 1 = KES 103.311.

Despite these gains, TIA still faces various challenges with this model. First, varying literacy levels among the sub-agents have posed a challenge to the delivery of standardized alternatives to agent training (for example, mLearning and eLearning)[3], leaving face-to-face training as the only reliable training method despite high costs. Secondly, the use of the mobile-based sales transaction platform is a challenge to agents who are not technologically savvy; while TIA has been determined to have all sales transacted via the platform, the requirement has become a deterrent to some otherwise good agents who are not technologically savvy. Finally, the cost of remuneration of lead agents throughout the year, including months that are non-IBLI sale windows, is extremely high.

In the light of these constraints, the model in its current form is commercially unsustainable, thus limiting its expansion and scalability. This led TIA and ILRI to conduct a study on the existing agency model to understand the current system of recruitment, identify the characteristics of the existing agents, and provide recommendations on criteria of agent selection and a possible revised agency function. This revised agency function aimed for one that could be efficiently expanded, effective in conducting the business with manageable costs that can eventually be fully supported through revenues generated.

This document presents some of the key findings and recommendations based on the insights from the study of the existing agency model. Section 2 provides a description of the emerging challenges that the current agency model is facing. Section 3 is our justification and outline of the objectives of the study. A description of the methodology in section 4 highlights the study sites, sampling, methods of data collection and the use of grounded theory for data analysis. The findings and discussion in section 5 focus on the most pressing themes that emerged during the study, leading to recommendations from these findings in section 6. The report concludes with a way forward that TIA could take towards adopting and implementing the recommendations.

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3. mLearning: mobile learning; eLearning: electronic learning.

2. Emerging challenges facing the agency model

Since the adoption of the three-tier agency model in 2015, TIA has made a deliberate effort to reduce the cost of transactions within the model. The company adopted a strategy to reduce the number of lead agents to cut down on recurrent costs while increasing the number of sub-agents to enhance the ground coverage and volume of IBLI sales. A refined mobile-based sales transaction platform was also introduced to ensure easier, faster and more transparent IBLT sales transactions by the agents. TIA has been able to attain extensive field presence and an improved level of client trust. However, insights and reports from the field during the IBLT sales periods and from a recently concluded scoping study in Isiolo county indicate a new range of challenges to the effectiveness of the current agency model:

a.   **Use of mobile phones to conduct IBLT sales transactions:** As a requirement, agents have to be trained on how to use the TIA phone application and are expected to use it during the sales period to complete all their IBLT sales transactions. While conducting sales using the mobile application, some agents are not able to use the mobile phones, while others shy away from the system simply because they do not feel confident using digital technology.

b.   **Varying literacy levels among the sub-agents**: The adoption of a blended face-to-face, mLearning and eLearning method for training of the lead and sub-agents has created challenges because the agents selected for training have varying literacy levels. Some of them have basic literacy while others are illiterate, hindering effective communication and learning.

c.   **Sustainability of the agency model:** TIA has to retain the agents on a salary and a commission. There are still challenges when it comes to retention of the agents, especially during months without IBLI sales. Therefore, 8 months out of 12 are considered 'idle'; only 4 months make up the active IBLI sales period. Within the idle period, some agents drop out, leading to a loss in the technical and human capacity developed over time.

d.   **Capacity assessment of agents and profiling of clients:** TIA must replace and train agents for every sales window, which is an expensive and time-consuming exercise. This could be attributed to a lack of capacity assessment methods of agents during and through the recruitment process. Within the current structure, there is a knowledge gap about the profiles of the clients who have been purchasing IBLI or who would be the likely clients. This includes information on clients who are renewing the product, their location and socio-economic status. There is no division-based information on the potential market density, which could help TIA set sales targets and also enable the agents to reach the target based on the information.

3.   Justification of the study

Despite these challenges, the agency model presents an opportunity for cultivation of best practices for a versatile agency system which is anchored on institutional and technological innovation and value-addition. Kenya has one of the highest mobile phone penetration rates in sub-Saharan Africa (Pshenichnaya and Westhead 2011). Prolific use of mobile phones—especially for mobile money transactions (for example, M-Pesa), communication between pastoralist networks on the whereabouts of pasture grounds and water and even conflict and theft of livestock—is an indicator that a critical mass of residents in pastoralist communities are likely to have embraced mobile phone technology.

TIA envisions the use of digital-based interfaces for its IBLT operations and expansion to develop a robust agency structure that is digitally fit. To have such a system, it is imperative that the agents possess requisite literacy levels and technological awareness that will allow them to deliver on their jobs. Moreover, to build a sustainable agency network, TIA agents need to be versatile enough to adopt other functions within their communities that would improve the use of the technology and knowledge accessible to them, while at the same time creating new livelihood and entrepreneurial opportunities for themselves, their communities and TIA.

3.1   Objectives of the study

While working towards building a sustainable agency network, it is important to acknowledge that there is a clear dichotomy in the TIA vision for a digitized agency model versus the realities of the current agency structure because of high levels of illiteracy and semi-literacy among the agents.

Such a scenario raises a fundamental question: 'How can the current situation be improved to implement a cost-effective sustainable agency model that supports digital marketing and capacity development for IBLT in pastoralist areas?' To answer this question, a study was designed for the TIA zone of influence with the following objectives:

i.   identify and propose standard and prerequisite characteristics for agent selection and measurable indicators of recruitmen;

ii.   assess the viability of the current 'shop agency model' against alternative agency models;

iii.   get feedback on the current TIA management information system (MIS)—its strengths, weaknesses and areas of improvement—from users; and

iv.   investigate the possibility and viability of other income-generating opportunities and IBLI value-addition for TIA agents.

4. Methodology

4.1 Study sites and sampling

The sites for the study were the Wajir and Isiolo counties. The counties were chosen since the 2014 market study was conducted in Wajir, and the April 2016 scoping mission for the Accelerated Value Chain Development program—Livestock component was conducted in Isiolo. Given the vastness of the counties, study sites (divisions) were selected in a manner that could be representative of the other divisions of the county. A list of lead and sub-agents was provided by TIA and, based on it, a third of the agents were selected from the total available in the divisions.

The divisions were selected based on their IBLT sales data—areas of high and low sales. Isiolo Central, Kina and Oldonyiro divisions were selected in Isiolo county. In Wajir county, the divisions initially chosen were Wajir Central, Habasweini and Wajir Bor. However, on consultation with the Wajir coordinator, Wajir Central and Habasweini were replaced with Eldas and Hadado divisions because the lead agents were available in these divisions and would be able to identify the sub-agents in the divisions.[4]

4.2 Data collection

The primary mode of data collection for the study was qualitative. A total of 37 respondents were interviewed. They consisted of 7 county coordinators from the project sites, 5 lead agents, 21 sub-agents, and representatives of service-providing groups and associations. Focus group discussions were carried out with the coordinators in Nairobi, and the representatives of fodder and farmer associations in Isiolo and Wajir counties. Key informant interviews were carried out with the sub-agents and agro-veterinarians in the study sites. In addition, field observations were carried out in the business establishment of a lead agent and sub-agents as they were carrying out their day-to-day activities to get a better understanding of the agents' interactions with customers, number of customers coming and locations of the establishments within the study sites. Table 1 provides a summary of the data collected.

Table 1. County-wise distribution of data collected

Agents				
Isiolo county				
Sub-county	Number of lead agents	Number interviewed	Number of sub-agents	Number interviewed
Isiolo Central	Not available	0	6	2
Kina	1	1	3	3
Oldonyiro	1	1	11	3
Kipsing	Not known	0	Not known	1
Wajir county				
Sub-county	Number of lead agents	Number interviewed	Number of sub-agents	Number interviewed
Eldas	1	1	7	4
Hadado	1	1	4	3

4. Recently, a lot of the lead agents from Wajir county have been dismissed from their jobs because of incidents of misinformation about the product to the community. Out of the 13 lead agents, only 5 of them have been retained.

Agents				
Wajir Bor	I	I	8	5

Other stakeholders		
County	Type of group/individual	Number interviewed
Isiolo	Fodder groups	2 groups (6 members from each group)
	Farmers' association	1 group (4 members from the association)
Wajir	District pastoralists association	1 group (1 member from the association)
	Fodder group	1 group (1 member of Eldas fodder group)
	Agro-veterinarians	4 (1–2 from each interview site)

An agent mapping tool was designed to help identify the geographical locations of the current agents, and the density of the distribution matched to their performance of IBLT sales volumes across all the TIA zones of influence. It is expected that the information from this tool would be collected by TIA staff with support from the coordinators and lead agents. It is further expected that this tool's data would be eventually be geo-referenced to get an exact idea of the number of agents and the volume of operations being carried out in a particular area by them over time.

4.3   Data analysis

The study began with an assumption that standardized recruitment criteria which can be measured would allow commercial partners to assess the capacities of the agents better, and give the agents the necessary support to ensure effective service delivery, while maintaining relatively low transaction costs. Having a firm agency structure would also enable the commercial partners to respond to demands for allied services in the ASALs. The investigation started with getting an understanding from the TIA staff in Nairobi about the current recruitment criteria used. This was followed by conversations with coordinators and lead agents to examine what, in their opinion, should be the criteria that fit the role of an ideal agent, how measurable the criteria are, and if there was an awareness among the TIA field staff of the existing criteria for recruitment.

The second level of investigation was interactions with the sub-agents based on an assumption that there are potentially three types of sub-agents[5]: (i) agents who cannot use a smartphone but can be trained to use one and the sales application, (ii) agents who know how to use a smartphone and, therefore, can use the sales application with relative ease and (iii) agents who are completely illiterate and do not have basic skills for reading and writing. In the process of analysis, besides the validation that the recruitment process was *ad-hoc*, a critical factor emerged that could potentially have an effect on an effective agency model: limited incentives and misunderstanding about who within the shop premises should be trained as an agent (that is, the owner or the operator). These issues were further interrogated in other field sites.

The method of analysis used was based on grounded theory (Strauss and Glaser 1967). Although grounded theory was initially designed to develop theories and conceptual frameworks from a purely inductive perspective, it has evolved to encompass a combination of both inductive and deductive approaches (Charmaz 1991; Strauss and Corbin 1998), also referred to as an abstractive approach.

The interviews recorded during the process of data collection were transcribed verbatim. The coding process was the most important part of the analysis, as it formed the basis of the emerging findings related to the recruitment criteria, incentive and motivation for agents to continue selling IBLI, their understanding and knowledge of the product, the capacities of the agents and potential alternative models.

Initially, open coding was used—each sentence or group of sentences was analysed and notes were made to reflect the situation and meanings implied by the respondent. This was followed by axial coding, where the themes that emerged from the open coding process were further coded, that helped in extracting information on the emerging themes. The field notes served as initial memos which were integrated in the final stage of analysis as a way of filling the gaps (Emerson et al. 1995).

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5. For the purpose of this study, sub-agents will now be addressed as agents.

This analytical process provided insights and an in-depth understanding of the issue by probing, clarifying and listening to the agents and stakeholders talk about the topic in their own words. The process was iterative—attempts were made to keep clarifying the understanding of the agent selection process and the roles and responsibilities of the agents by the respondents. It freely allowed the respondents to give their own interpretation of 'why' and 'how' the process was happening and 'what' they were doing based on this understanding. Four categories emerged from the analysis, namely: (i) recruitment—owner versus operator, (ii) incentives, (iii) alternative model and bundling of services, and (iv) capacity of the agents and understanding of the product.

5.   Findings and discussion

Among all the agents interviewed in Isiolo and Wajir counties, three were women. All the women agents were from Isiolo. Most of the establishments in both Isiolo and Wajir counties were shops; a few were pharmacies and hotels. The existence of the establishments ranged from 8 months to 15 years. Our initial theories were challenged, namely, that (i) the longer the establishment, the more trust from the community and hence larger customer base and (ii) young people are potentially more literate and technologically savvy than the older population.

From the respondents interviewed, examples from Isiolo showed that some establishments that have been running for fewer than two years were not only popular among the locals and had a broad customer base in the area, but that the agents had also recorded considerable sales compared to the others from nearby areas that had been running for over three years. In Wajir county, it was found that the relatively young people were not so well educated and the senior ones seem to be more literate, more conversant with mobile applications and also have a better understanding of the product. This was quite different from what we found in Isiolo county.

Though a range of issues emerged during the study, this section focuses on themes which potentially have direct implications on the future efficient and effective operation of the agency model.

5.1   Recruitment criteria

To understand the process of recruitment, coordinators and lead agents were interviewed. As much as there seems to be some guidelines on recruitment for agents, there is no evident use of standardized criteria for recruiting lead agents and sub-agents. None of the respondents could recollect any written documents which had a set of criteria with measurable indicators that they could refer to while recruiting agents. In addition, several instances were mentioned where sub-agents—and even lead agents—were replaced while the sales window was ongoing, further affirming that there was a guideline about recruitment but no standardized recruitment process for the agents. Box 1 provides examples of the process of agent recruitment.

> Box 1. How agents are selected
>
> Isiolo county
> 'Chosen by the lead agent and because of some of the things I was selling. Moreover, I am a pastoralist have livestock and also the need to insure them. I myself have bought IBLI policy this season'
>
> 'Lead agent came and approached me and I agreed to become an agent'
>
> Wajir county
> 'I, myself went and asked the lead agent that I wanted to be a sub-agent, because it was a good chance of an additional source of income'
>
> 'A trusted elder in Qarsa, the shop I own is the oldest in Qarsa and have command and opinion in the community'
>
> As told by the respondents when asked about how they were selected to be agents

When the lead agents were asked about their roles and responsibilities, none of them mentioned recruitment of sub-agents as part of their terms of reference, unless probed. Most of the lead agents had their own criteria for recruitment, which are summarized in Table 2.

Table 2. Recruitment criteria according to the coordinators and agents

Isiolo county	Wajir county
Must own shops	Should have a shop
Must be trustworthy and have a good record in the village	Trustworthy and honest—screened by the community and chief
Ability to read and write and use a mobile phone	Should be able to read and write and use mobile phone
Customer relations, well stocked stop and shop with more customers	Well known in the town, always available, number of customers per day —as a means to identify the person's character
Registered with M-Pesa	Over 18 years old with an ID
Be an IBLI policy holder themselves	Insure animals themselves—if they see agents insuring, clients will insure
Should be able to be the 'face' of TIA	Availability—can be reached any time

As much as literacy and reluctance to adopt digital methods of transaction were identified as problems among the current agents, it was interesting to note that not only did all the lead agents interviewed feel that ability to read and write and use mobile phones were important criteria, but some of the lead agents also made the effort of training some of the agents they hired on how to use mobile phones/smartphones. As an example, one of the lead agents explained that he carried out tests to ensure that his potential sub-agent/s knew how to use the phone by making them do transactions of small amounts through m-money (M-Pesa or Airtel money).

Owner versus operator

One of the key findings of the recruitment process was the issue of 'owner versus operator'. As we were designing the study, from our experience of training agents, we had an assumption of a possibility that the owner of an establishment was not necessarily the one who would be carrying out the day-to-day operations but someone else. Findings in Isiolo confirmed this assumption when a significant number of the agents we met, though they were the owners of the establishment and were trained as agents, were not actually operating the establishment. Box 2 provides an example of such a finding.

Box 2. Owner versus operator/assistant

Sub-agent Isiolo—older brother who is the owner, is a livestock trader and does this activity with the sister's husband. He has been trained as an IBLI agent. The respondent is the operator of the shop and also a school teacher at a local school. He has also been trained as an IBLI agent. Most of the time the respondent and his brother are not around and their sister manages the establishment. She sells IBLI on the respondent's behalf. She has been trained on IBLI by the respondent and has not attended any formal IBLI training. In the agents' absence, she does manual transactions through the register and after and when the agent is back, he transfers the details into the phone.

Paraphrased based on the narration by the respondent during an informal conversation

To further test this, we asked questions related to owners and operators in Wajir. The owner versus operator theory was confirmed when we found that most of the agents who owned the establishments had operators in the form of next of kin or hired assistants. These operators play a significant role not only in managing and operating the establishment, but also in selling IBLI. Most of these operators/assistants were not formally trained in the product by the lead agent or the coordinator/s, but were instructed on 'how to sell IBLI' by the agent.

These operators and assistants then filled in for the owner when they were away to take care of other issues or businesses such as livestock trade. It should be noted that not all the assistants were permanent staff of the establishment/s. This leaves significant room for misspelling and misinformation on the product, as there is no mechanism of monitoring to ensure that the owner is passing the right information about the product to the operator.

Monitoring agents' performance

There seemed to be no set method of monitoring the performance of the agents during the sales window. Most of the lead agents use the register as a reference point as they make their rounds to areas where network connectivity is poor and electronic transactions are only completed when the agent moves to an area with network availability. In places where electronic transactions are possible, lead agents are usually questioned based on the sales numbers coming in from each particular area and interventions are done accordingly.

Most of the lead agents visit the agents once in every two weeks, though there is no evidence of those visits. The agent can also call and seek assistance from the lead agent depending on their needs. It is expected that the lead agent is the principle problem-solver for the agents, but instances also call for the coordinator to come in as a trouble shooter, depending on the severity of the issue at hand.

5.2 Incentives

Through the discussions with the agents, most of the respondents felt that there were benefits in being an IBLT agent. One of the benefits they cited was the additional source of income. To understand if being an IBLI agent has affected their current business, the respondents were asked to give an estimate of the number of customers that they were receiving per week. This question was asked in reference to before they were agents and after becoming agents. Figures 1 and 2 compare the customer base of the agents interviewed across Isiolo and Wajir counties.

Figure 1. Customer base—Isiolo county
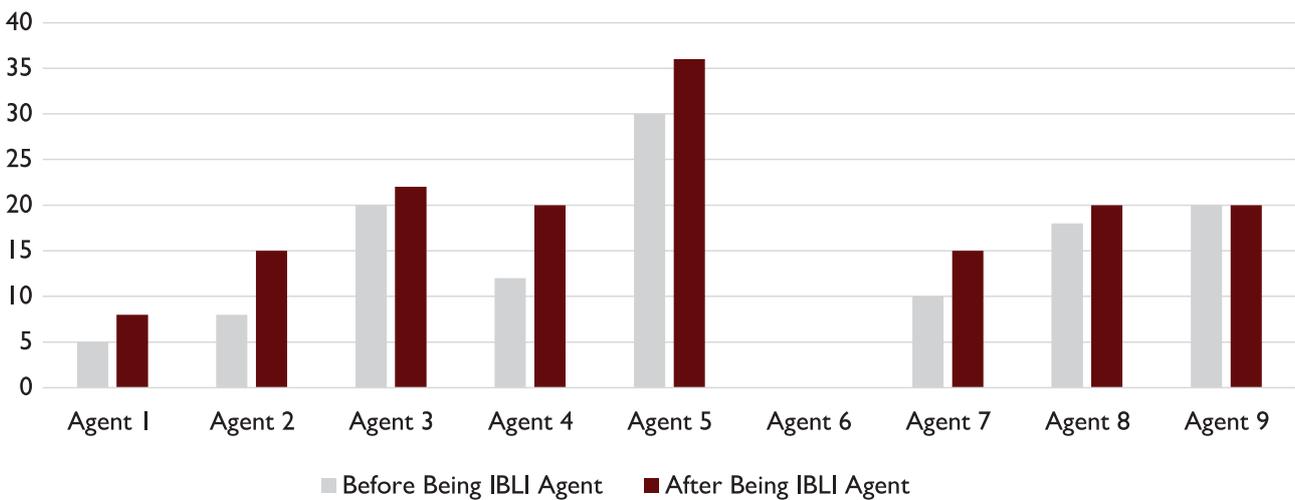
Figure 2. Customer base—Wajir county
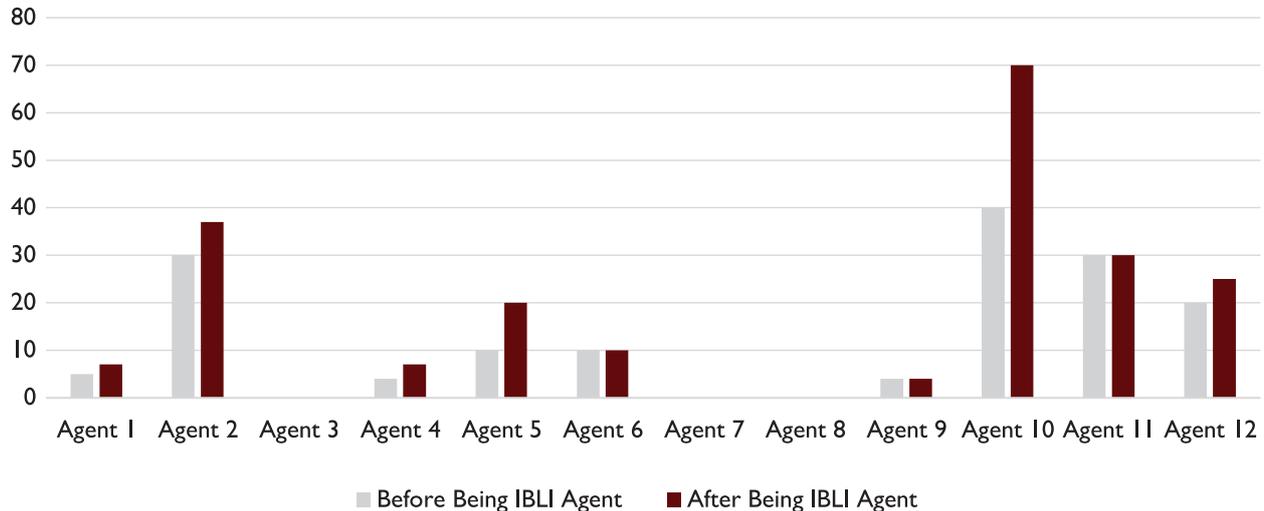
As much as being an agent was cited as an incentive for the respondents, there were some seemingly demotivating factors hindering them from continuing as agents or even giving their best to sell the product:

• Commission: Most of the agents were unclear about the system of commission. Some agents expected payments even though they had not made any sales.

• Mobile phones: In two of the study sites, in spite of having network availability and the agents being able to use smartphones, they had not received the TIA sales phones. The reason cited was that initially they were given the phones but, due to some technical glitch, the phones were taken back and not replaced.

• Communication: Agents complained that most of the time they had to use their own airtime to call potential clients and lead agents.

• Mobility: It was cited that, since most of the potential clients were spread out herding their livestock around water points and pastures, in a lot of instances they had to go looking for them using their own means of transport and money, in addition to closing their establishments—incurring business losses in the process.

• Identity: A lot of agents believed they did not feel a sense of belonging to TIA, as there were no posters or branding material for the community to make them believe that they were appointed agents of TIA. Community members were sceptical of their authenticity.

• Presence of TIA staff: In the recent past, there have been instances of misinformation and misunderstanding among the communities, especially in Wajir county, leading to a relatively hostile environment for the agents to operate in. Under such conditions, there was a general feeling among the agents that the lack of presence of TIA staff member/s from headquarters during mobilization or for clarification of concepts off-season had been quite demoralizing.

Figure 3 provides a representation of the main factors that are potentially causing a loss of motivation among the agents in Isiolo and Wajir counties.

Figure 3. Possible loss of motivation for an agent
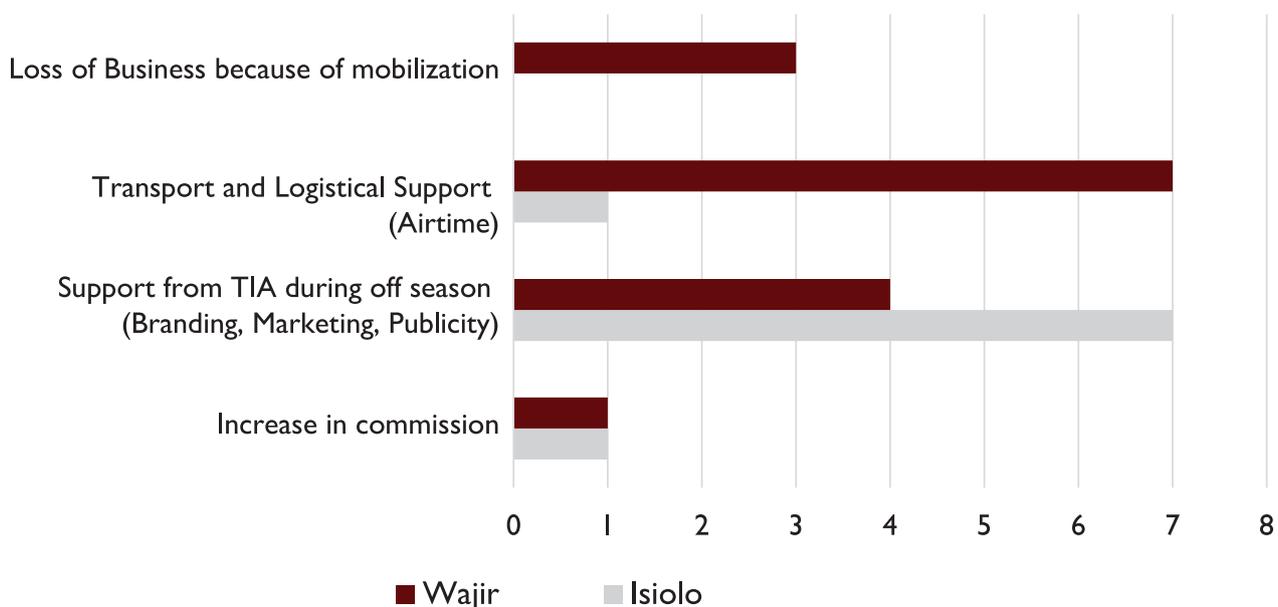
The factors in Figure 3 were further confirmed when we spoke to the coordinators, who acknowledged the need for an incentive structure either in-kind, of gestures or even aiding the business of the agents. This was considered important especially if there was to be a standardized recruitment process to identify the right kind of agents. However, there was a realization that since transaction costs of operations had to be kept significantly low; the methods adopted would have to be such that they improve the functions of the agency, garnering high sales while keeping costs under control.

5.3   Alternative models

Along with the agents, certain groups and individuals were interviewed, to explore the potential of other service providers in the counties being part of the sales and distribution channel for IBLI. The coordinators and the lead agents were of the opinion of creating an alternate mobilization and awareness creation channel by reaching out to teachers and professionals who are either based in the areas of operations or in cities such as Nairobi. As part of the distribution channel, they felt that getting organized groups involved would be useful to increase the network base of potential clients within and outside the groups. Box 3 provides an example of why the respondents thought having organized groups could boost IBLI sales and distribution.

> ### Box 3. Alternative model for IBLI sales and distribution
>
> Involvement of known groups. One such group takes the product and they buy it, and their families buy it and then if they are given a payout, it incentivizes the community to buy as it will show a good image for the product. Bigger groups make a good market and a good team in a village along with an individual agent. Once we train them, we have a good team—we know that the group takes it up and provides legitimacy to the product. It could be any kind of registered known group—youth, women, fodder, water users associations and other groups in the community.
>
> As told by the coordinators during the Focus Group Discussion

Organized groups and individuals

Based on this feedback, we identified two fodder groups in Isiolo county, namely, the Malka Bisanadi Cultural Village—fodder group in Kina division and the Naserian fodder farm in Oldonyiro division. Both the fodder groups were registered formalized groups with office bearers. The fodder groups had some sources of livelihood like accommodation and catering (Kina group) and beads making and handmade paper business (Oldonyiro group) besides producing fodder.

On being asked, if they were willing to be agents for IBLI, there was willingness, though the Malka fodder group members lacked knowledge about IBLI. The Naserian fodder group was aware of the product as some of the members had purchased IBLI before. Both the groups had few educated members, who were mainly the office bearers and these members could speak fluent Kiswahili and were able to use phones.

In Wajir county we met with representatives and office bearers of three groups: The Wajir farmers' association, the district pastoralist association and the secretary of the Eldas fodder group. The Wajir farmers' association has 109 groups across the county, with 17 members and certain individuals knowing how to read and write in each group.

The representatives were of the opinion that TIA could play a significant role as a link between them and the pastoralists who are in need of fodder and feed especially during the dry seasons. According to them, TIA could link the pastoralists directly to their association rather than the pastoralists waiting for the county government to buy fodder and sell to the pastoralists. Since they were aware of IBLI, the representatives showed interest in being part of the IBLI distribution and sales network.

The secretary of district pastoralist association was aware of the concept since he was involved in the initial stakeholder engagements, through MercyCorps, when IBLI was launched in Wajir county in 2013. This group works with the Wajir farmers' association as an entry point for interventions related to crop production and livestock feeds. The association is spread across the county with some pastoral associations being more active than the others. The secretary felt that the link between TIA and the community needed to be strengthened and though they were interested in being involved in the sales and distribution process of IBLI, such a partnership would have to be mutually beneficial for both parties.

The assistant chief, also the secretary of Eldas fodder group, has been an IBLI client since 2015. There are 15 members in the group with 7 of whom are women. Five of them could use mobile phones and could read and write. In addition, of the 17 members, 6 members bought IBLI policies in 2016. The secretary displayed an openness to the idea of the group being a potential agent of IBLI, provided that the price and the product are affordable to the community.

Following the suggestions from the coordinators and the lead agents, a few agro-veterinarians were interviewed through the course of the study in Wajir county. Some of the agro-veterinarians were part of the district pastoralist association, while others were trained by Oxfam and other NGOs working in the area. The agro-veterinarian, who was a member of the district pastoralist association, was also trained in disease surveillance and reporting by the Accelerated Value Chain Development program of the USAID. All the agro-veterinarians could read and write and had smartphones. The agro-veterinarians were willing to be potential agents of IBLI, as they felt it would work well as a product integrated with other service provision, along with being an additional source of income for them.

Additional services to bundle with IBLI

One of the objectives with which we started the study was to find out the possibility of other value added services that the agents could provide to the pastoralists besides the IBLI product. Therefore, the respondents were asked the kind of services that they would be interested in providing, if there was an opportunity to do so. Most of the agents thought financial services, feed and fodder, animal and human health services would be most useful for the pastoral communities. Very few agents thought that commercial services such as motor insurance would be useful. Figure 4 provides a representation of the preferences of services that the agents would like to provide in Isiolo and Wajir counties.

Figure 4. Services that agents are interested in providing
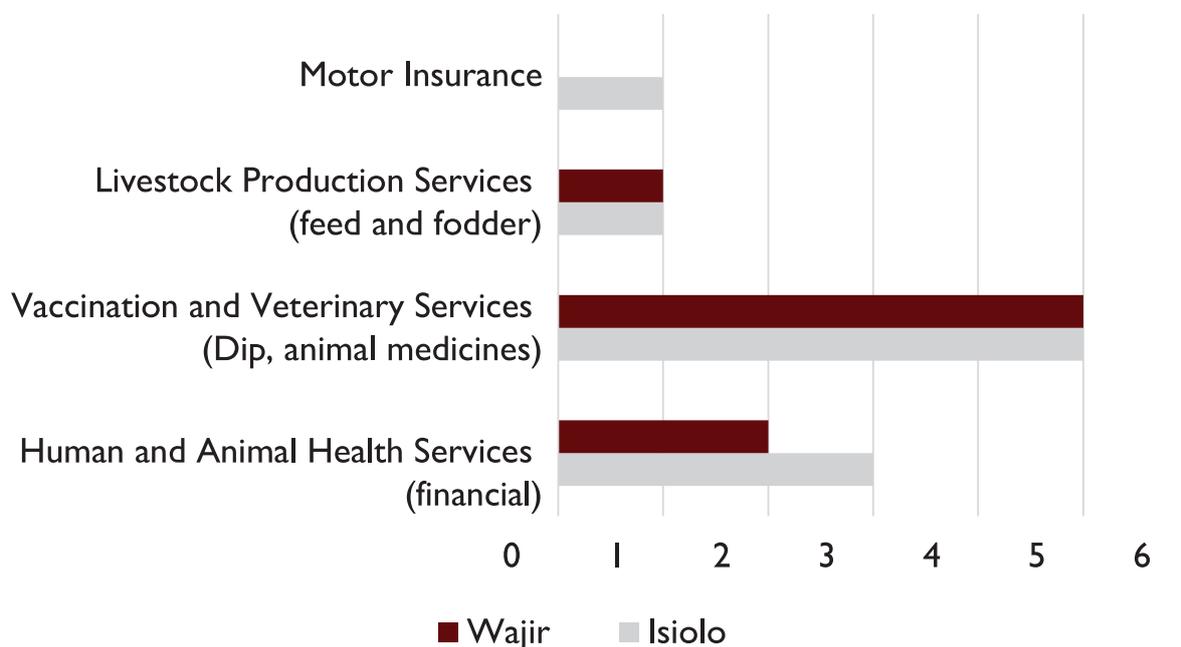
5.4 Capacity of agents

From experiences of training agents over six sales windows, issues of literacy and challenges in adopting digital methods of learning and transactions have been emerging. This has been because of the knowledge gap about the capacities of the current agents selling IBLI. Therefore, through the study, we tried to get a basic understanding of their abilities to sell IBLI, given that a major part of selling IBLI includes the ability to carry out electronic transactions.

Ability to use phones

The coordinators of TIA were of the opinion that almost 50% of the agents across each of the zones of operation of TIA had the capacity to use phones. From their experience, they stated that, even in areas where there is no network coverage, there were agents who are able to use the phones. Therefore, in some areas where manual methods of transactions were being used, it was largely because of lack of network coverage. They were confident that almost all the lead agents had smartphones and could use them well, but among the agents there was a mix of those who could and could not use smartphones.

On asking the lead agents in both Isiolo and Wajir about the ability of their agents to use phones, they confirmed that of the total number of agents under each lead agent, approximately 60% of them have the capacity to use smartphones. Among the ones who were not able to use smartphones, there were significant numbers who they felt could be taught to do so. As mentioned in section 4, some of the lead agents have been training agents in the use of phones; for the agents who were completely unable to use phones, the lead agents themselves transferred sales data electronically to the system.

In order to triangulate the information we got from the coordinators and lead agents, the sampled agents were asked about their ability to use phones and the purpose for which they used the phones. As ILRI and its partners are progressing towards digital methods of learning, we wanted to get a sense from the agents on the possibility of having training contents on the phone and if it would benefit them. Tables 3 and 4 summarize the responses of the agents from Isiolo and Wajir counties on their ability to use phones.

Table 3. Proficiency in phone use —Isiolo County

Capacity	Agent 1	Agent 2	Agent 3	Agent 4	Agent 5	Agent 6	Agent 7	Agent 8	Agent 9
Phone type	Smartphone	Smartphone	Smartphone	Basic Feature Phone	Smartphone	Basic Feature Phone	Basic Feature Phone	Basic Feature Phone Smartphone	Basic Feature Phone Smartphone
Proficeincy in use	Very Good	Very Good	Very Good	Good	Very Good	Good	Very Good	Very Good	Very Good
Applications used	Whatsapp Twitter Facebook	Whatsapp	WhatsApp	SMS Calling Mpesa	WhatsApp Facebook	Mpesa	SMS Mpesa	WhatsApp Facebook	WhatsApp Facebook
Purpose	Awareness creation Educate people Sale of product	Educate people through short notes on IBLI			Marketing IBLI Messages about IBLI			Networking with clients Product Supply	Network with clients and product suppliers
Opinion on training content on phone	Good as can share it with other people around and also self-learn	Much better though not all people have smartphones	Good; kids of the house can help for those who have problem with smartphones	Help in reminding how to use the product and its features Help convince the pastoralists to buy IBLI	Help in referencing and won't need the help of the LA to clarify content. Help to explain to the pastoralists- show them and also translate for them how IBLI works	It will help even if there are difficulties, sons will help	Will help a lot for clarification	It will help when one forgets, one can easily refresh	Instructions should be on the phone, because agents will learn and understand the concept by themselves

Table 4. Proficiency in phone use —Wajir county

Capacity	Agent 1	Agent 2	Agent 3	Agent 4	Agent 5	Agent 6	Agent 7	Agent 8	Agent 9	Agent 10	Agent 11	Agent 12
Phone type	Smartphone	Smartphone	Basic feature phone	Basic feature phone	Basic feature phone	Smartphone	Smartphone	Smartphone	Smartphone	Basic feature phone	Basic feature phone	Basic feature phone
Proficiency in use	Very Good	Very Good	Did not answer	Very Good	Good	Average	Very Good	Average	Good	Average	Good	Good
Applications used	WhatsApp Facebook	WhatsApp Facebook		Calling M-Pesa SMS Internet surfing for news			WhatsApp Facebook			Calling	SMS Calling Mpesa	Calling
Purpose		Marketing IBLI Market shop Youth Group through FB	Marketing of IBLI	Marketing General Business- Purchase and supplies		Calling Customers Marketing IBLI and shop products	Marketing IBLI		Calling LA Clients and customers			
Opinion on training content on phone	Will be help a lot and there will be better sales if the content is on the phone	Useful as it will be very good as a re-fresher from time to time.	Don't know how to read and write. Can't read anything on the phone but can write receipts.	Would help with solving the arising questions because you just use the phone as a reference	Would be useful as a guide and can take help from someone who understands as can write the basic numbers and things which are needed to conduct business.	That would be really nice		If the training content can be translated into Kisomali and provided on phone, can be very useful in self – training	Very much both audio and video versions Receiving a text directly to the policy buyer confirming purchase of policy is a contributor to trust	If taught how to use it on the phone it will be good. Children can help		Something for us to reference at any time on the product to avoid misinformation Content on the phone would be the best

In addition to understanding the agents' abilities to use phones, one of the critical points was their ability to use the TIA sales application. The agents in both counties were asked about their experience with the sales transaction application. Most agents could use the application very well and felt that, to an extent, it had even made it easy for them to explain the product to the pastoralists. Some of them were unable to use the application, even though they were trained on it, because of network challenges; there were some who did not use it since they were not provided with TIA phones. The ones who said that they could not use the sales application were mainly the agents who were replaced in the middle of the sales period and had not received any formal training, or the ones who did not know how to use a phone at all. Figure 5 is a representation of the ability of the agents to use the sales application in both Isiolo and Wajir counties.

Figure 5. Ability to use the sales application
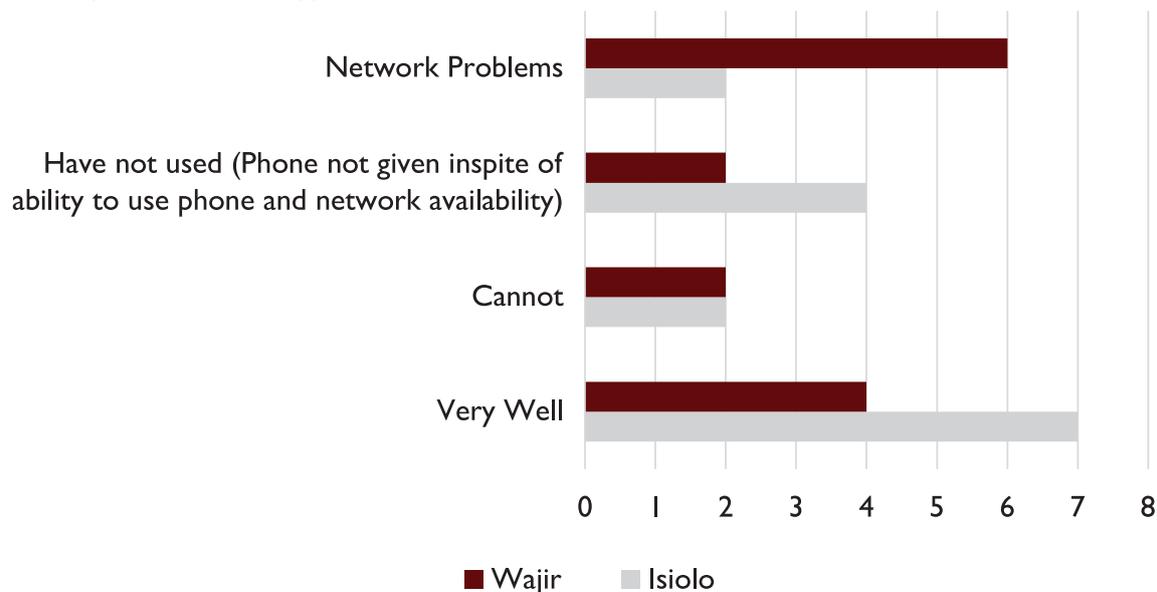
Capacity assessment

The coordinators and the lead agents believed that as much as it was important that agents were able to use mobile phones and be technologically savvy, given the areas that TIA was operating in, there was a need for agents who did not know how to use the phone well but were making good sales. The coordinators believed there were usually two scenarios where agents faced challenges with digital transactions: (i) agents who were proficient in using phones but lacked network coverage and (ii) agents who could not use a phone but were in a networked area. They felt that there was a need for capacity assessments of all the agents to know who were quick and slow learners; training and capacity development tools could then be provided.

To better support the agents, the lead agents felt that having training early enough before the start of the sales window would provide them with sufficient time to assess the capacity of the agents' understanding of the product, which would enable the lead agent to determine the level of support the agent would need while mobilizing clients and carrying out IBLI sales.

5.5   Understanding of the product

Understanding and acceptance of IBLT has been gradually increasing since the launch by TIA in 2013. This is evident from the increase in the number of the pastoralists who have bought the product so far. However, certain levels of misinformation and mis-selling have continued, resulting in some negative effects and perceptions about the product. Since most of the cases of mis-selling and extreme dissatisfaction were reported from Wajir county, the agents interviewed were specifically asked to explain their understanding of the main features and the information they give to their clients about the product.

It was concerning to note that, except one or two agents, while most of them did not have a clear understanding of the product, the others had a complete misconception of the product. On being asked their information source and clarifications about the product, the sub-agents said that in the case of any difficulties about answering questions on the product, they usually would call the lead agents; the lead agents (except for one who was hired in the middle of the last sales window) said that they got their information from the former coordinator of Wajir county. Box 4 provides some quotes from the agents on their understanding of the product and an agro-veterinarian who was a policy holder in 2016, from Wajir county.

> ## Box 4 Features about the IBLT product as it is being passed on to the clients
>
> 'For IBLT, in case you contribute money for six months you will be getting back almost double. I have invested 50,000 and the community members have contributed to sums of 3.7 million. This information was told by the lead agent. When information was being given, a person called Hassan along with the lead agent and a Christian man came.'
>
> *Agro-veterinarian Wajir county*
>
> 'I was told by the coordinator that if there is a drought within February to August, there will be a payout, and if there is no payout the amount would double. In case there is no payout, they will be given the original amount. For example, if there is a payout the community would get double the amount it put in i.e. if it put in 400, it will get 800. I asked the lead agent separately; he confirmed that Hassan was saying the truth. The lead agent used to put more pressure with the promise that there would be a payout no matter what. People are now complaining and are demanding their money back.'
>
> *Sub-agent Wajir county*

Similar narratives were noted in the Hadado division, where it was clear that the agents were quite unaware of the product features or claimed that wrong information was passed onto them about the product. Though cases of mis-selling and misinformation have come out strongly from Wajir county, such a situation can also arise in other counties where TIA operates. This will have a negative effect not only on the product but also on the reputation of TIA as an organization, leading to the complete distrust from the community.

One way such misinformation and mis-selling could be controlled is if there is a structured recruitment process of agents with a strong monitoring system put in place. Such systems should have the capacity to track agents' performance—not just of sales but also the kind of marketing messages that are going out to the pastoralists about IBLI, resulting in necessary action in case of mis-selling and/or misinformation.

6. Recommendations

6.1 Recruitment process of agents

The findings suggest that having standardized recruitment criteria alone is not enough for an effective and efficient agency model; the entire recruitment process has to be a formalized, systematic process. This section, therefore, proposes a process of recruitment which includes selection criteria based on some of the insights from this study. For the purpose of this document, the recruitment criteria have an individual enterprise-based approach and suggestions for modifications for other approaches and models of sales and distribution. The following steps are recommended as part of the recruitment process:

Step 1—Identifying and mapping current and potential clients of IBLI in the zones of influence of TIA

One of the challenges mentioned previously was the knowledge gap about the clients who have been purchasing IBLI and the potential clients. It is advised that TIA should carry out a mapping exercise on the profile of the clients who are renewing the product, the potential clients, their location and socio-economic status, to get an idea about the market density for the areas of TIA operation. Based on this information, outreach strategies can be designed and a fixed number of agents cannot only be appointed for that area but also be given realistic and measured targets for IBLI.

Step 2—Have recruitment criteria for agents which are measurable and yet take into account the settings of the ASALs

Proposed criteria	What to look out for
Should be able to read and write	At least Kiswahili. Would be ideal to get a form II graduate but even a class 7 or 8 dropout would be acceptable.
Should have purchased IBLI	At least for two seasons in the existing areas of operation. If the agent is a livestock owner he/she should also buy—an agent buying will influence clients to buy.
Should be able to use phones	Should be able to comfortably read and send SMSs and carry out mobile transactions such as M-Pesa. This is the minimum requirement for graduation to the use of smartphones.
Should have a stable operator in case of absence of owner/an enterprise	If there are supplies the operator should be the one who runs or manages the enterprise in the absence of the owner. The operator should be stable and not changed frequently. This will be in instances of small villages or locations.
Should be older than 25, with an establishment for at least 2 years	ID stating the age. In case of an operator, the age should not be less than 18 years.
Should have a stable shop	At least 5–10 customers per day at the establishment, depending on the location. In case of a 24-hour establishment, at least 30 customers per day. Having a stable shop could qualify towards indication of trust by the community.
Willingness to learn IBLI	Ability to describe at least two features of IBLI—what the product is for, circumstances of payout and sales period of the product. This is to ensure, from the outset, the understanding that IBLI is an insurance product and not an investment venture or a savings product.

We emphasize the identification of the operator, from the outset, as a way of resolving the issue of a potential candidate who could have a good customer base but with little ability to read and write. In such a case, if the operator or next of kin who assists in the enterprise is identified who fits the criteria above, it could be a potential solution.

If the operator is identified at the outset, they can be provided with the appropriate training on the product, along with the identified agent. Observations from the field have shown that the enterprises which had at least one literate manager (either the owner or the operator) were doing well, with a good customer base, compared to enterprises which were run by not-as-literate agents.

Some of the criteria, such as identifying the operator and finding out the customer base of the establishment, would require observation on the part of the TIA staff, besides asking questions of the potential candidates.

Step 2.1—Having an incentive structure

The recruitment process remains incomplete if it is not supported by an incentive structure. Insights from the study indicated that while some agents felt a lack of belonging with TIA, others expressed that TIA helped them better their businesses. Since one of the prerequisites of an effective agency model is having low transaction costs, the aim would be to have an incentive structure which do not escalate the already high transaction costs and, at the same time, is effective enough to motivate the agents.

Step 3—Shortlisting and screening the potential agents

The current process is that potential agents are handpicked based on the information given by chiefs and community elders, or because of the expression of interest by the potential agents themselves. However, it is recommended that TIA staff (which would include the coordinators and lead agents—as part of the current structure—and the planning and development officer) have a shortlist of candidates from each area where they want agents. This shortlist should be at least twice the number wanted for each area. The assessment of the number of agents per area should not only be based on the vastness of the geographical area, but on the density of potential clients and current policy holders for IBLI. Once this shortlist is established, this list can be run by the community elders and chiefs for screening and providing suggestions.

Step 4—Certification of candidates as TIA agents

Once the screening process of the shortlist is complete, it is recommended that the candidates be put through certain simple tests as part of an initial capacity assessment as potential TIA agents. These could include simple tests of mathematics, mobile transactions and insurance-related questions. These tests should not take more than 30–45 minutes to complete. Based on a minimum agreed score, the candidates who qualify would then go through a process of certification to become TIA agents who, at the end of this process, are not only certified to sell IBLI but any microproduct that TIA would like to introduce in the ASALs.

Step 5—Being a Takaful agent

The certification process to being a Takaful agent indicates the finalization of the agents for TIA. At this stage, every agent should have a biometric card with a passport-sized picture, agent name, number and phone number. The biometric card will enable the geo-referencing of the agent and having their information fed directly into the TIA database, so that their performance can be tracked through the season and potentially throughout the year. It should be noted that since these agents are certified agents of Takaful, they will be selling other TIA products besides IBLI on a fixed commission, during the off season, while still running their enterprises. In case of groups or organizations, a similar system will be applicable.

The agents[6] are then assembled for initial face-to-face training, after which they are equipped with phones, refresher courses, product-based games, eLearning materials and branding materials for their enterprises (such as posters and/ or boards, picture books, t-shirts) to be displayed at their establishments.

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6. In this case, 'agents' may also include the owner and operator in some cases.

Improving the Agency Model in distribution of Index Based Livestock Insurance (IBLI)–a study of Takaful Insurance of Africa

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Figure 6. The diagrammatic representation of steps to be followed.

Step 2.1–Have an incentive structure

Standardized process will prevent adhoc selection of potential candidates

Step 3–Shortlisting and vetting process of candidates for vetting process of candidates for potential agents

Critical in determining different types of incentives based on structure, capacity and capability of agents

Step 2–Recruitment criteria which are measurable, yet applicable to the ASALs

Getting the endorsement of the community elders and chiefs and potential replacements based on their suggestions. This will also prevent in between sales replacements

Step 4-Certification of agents

Useful in determining how many agents will be required for the are

Step 1–Area wise identifying and mapping potential and present clients

Ensuring that they are a part of the database and used for monitoring performance, renewal history of their clients, information being given out about the product and so on

Step 5–Being a TIA agent who is trained on IBLI and ready to sell

This process will be followed for recruiting new agents, either shop-based, group-based, organization-based, or a mix of all, for new zones that TIA wants to enter or expanding into existing areas. TIA could also use this process for existing agents to retain high-performing ones and letting the non-performing ones go.

The incentive structure could be designed around an in-kind and service-provision format, besides the standard commission that will be paid for each sale made. Some options include:

- **Branding the enterprise or organizations involved.** It is important for TIA to have adequate and appropriate branding of all its agents. This branding could be in the form of boards, posters, stickers, t-shirts and wall paintings for all agents—instead of selective agents, as per the current practice. The branding should be done as soon as agents are appointed and not delayed until the sales window.

- **Providing a basic minimum amount of airtime to agents during sales windows.** One of the reasons of demotivation cited by the agents was using their own money for airtime to call lead agents, coordinators and even potential clients. If TIA could provide a minimum amount of airtime, this could go a long way in motivating the agents to reach out to current and potential clients along with TIA staff for clarifications.

- **Have a loan or a health scheme attached to performance**. Some agents expressed a wish for the possibility of financial support to get utilities for their businesses. Instead of providing direct financial assistance to agents, small loans and micro-health products could be provided based on the performance of the agents after three seasons (1.5 years). The criteria for qualifying for such a scheme could be based on sales: target given, number of renewals per season, number of new clients acquired per season.[7] This is with the assumption that all sales and renewals will be based on informed demand from accurate product information provided.

- **Training on business practice based on needs and performance**. Using similar indicators to those mentioned above, for the agents who would want to expand their businesses and who show potential, TIA could arrange capacity building training on business development, in areas of designing business plans, marketing, accounts and budgeting and risk assessments—thus taking a few selected agents through a graduation program. Such a graduation program could be supported by education and learning materials in the form of picture books and/or digital-based tutorials.

6.2 Alternative agent models

From our findings, it was clear that relying solely on a shop-based agency model was not the best way of reducing transaction costs and increasing efficiency in sales and distribution of IBLI. Therefore, we propose and recommend three alternative models with details on how they could be implemented. It should be noted that all agents in the models proposed would be expected to go through the recruitment process (Steps 1–5), with a few alterations to suit each model.

The first model (Figure 7) uses milk cooperatives to develop a sales and distribution network for IBLI based on the active participation of pastoralists within their local organizations. The assumption is that groups such as self-help groups, farmer associations, water-user associations and fodder groups are linked with milk cooperatives because individuals who are members of the groups mentioned would be part of the cooperative as well, since milk is both produced, sold and consumed by the pastoral community.

The second model uses an approach with individuals such as community disease reporters (CDRs) and small-livestock traders to develop a sales and a distribution network. The assumption is based on the mobility of the CDRs and the traders as part of their jobs, providing veterinary services for the pastoralist in case of the former, and moving from one market to another in the case of the latter.

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7. The number of renewals and new clients will be based on proportion of targets that will be provided by TIA.

The third model (Figure 8) takes a mixed approach of a cooperative-/group-based, individual-based and the current shop-based model, taking a value chain approach. The assumption for this model is based on the ability of agents to refer potential clients to other agents for areas that certain agents cannot reach or is beyond their scope of reaching.

Figure 7. Cooperative-based model

- **Community-based groups:** These groups are formed to address common interests of the members. In pastoralists areas common needs include water, fodder etc.
- **Agency function:** Potential agents registering clients on behalf of the co – operative can be recruited from here.
- **Opportunities:** Providing more reasons for the groups to stick together e.g. group guaranteed loans/savings services, veterinary services etc. could help with client retention and buy in into the IBLI product. Extension, education and awareness raising can also be done through these groups.

- **Individual members:** Individual pastoralists are the producers of milk and other animal products. They are also potential consumers of IBLI and any other goods and services e.g. credit, veterinary drugs, information etc.
- **Agency function:** Individual group members can take up agency roles targeting the larger population in their locations and the members of the common interest groups that they belong to e.g. water associations
- **Opportunities:** Targeted distribution of IBLI and other products

- **Milk aggregation groups** : Milk aggregation groups act as a link between pastoralists and the cooperatives. They receive milk from individual pastoralists and organize for transport to and from the urban centers where they deliver either to the cooperatives or to vendors. They also keep records of milk deliveries and deliver payments to the pastoralists.
- **Agency function.** They could be useful in reaching out to pastoralists in the field. They could also be an avenue for dissemination of information on IBLI—i.e. targeted education, awareness and extension. IBLI client segmentation, profiling and sales can be done through these groups.
- **Opportunities:** Linkage for bundling of information and services.
- **Platforms:** Extension, education, awareness creation and bundling of goods and services can be channeled through such groups.

- **Cooperative:** Receive milk from various producers. Keep records of milk deliveries and provide payments to the producers.
- **Agency function:** Cooperatives can help disseminate information on IBLI, encourage members to purchase livestock insurance and earn commission and be a channel for indemnity payouts to members.
- **Opportunities:** Micro credit and micro health insurance products can be provided via the cooperatives. Members records held by the cooperatives can be used for credit scoring and loan issuance. Further, bundling of information and service provision can be done through the co-ops e.g. sale of animal health products or disease surveillance based on reports from the members. Client profiling and segmentation can be based on their geographical locations, for easier targeting and service provision.
- **Platforms:** Technological platforms required e.g. phone apps, data bases, biometric systems for member identification etc.

Individual-based model

Community animal-health workers

The approach through community animal-health workers (CAHWs) is where individuals are identified for delivering services at local level as a substitution for the government veterinary officers at district and divisional levels. These are trained members of the community who handle basic animal health care issues at the village level. They are linked to a drug-supply system as well as a referral system with veterinary professionals. These interventions were mainly undertaken by non-governmental organizations in remote areas which lack essential livestock services.

Many CAHWs within the pastoralist communities are freelancers and, because of the nomadic practices of pastoralists, the CAHWs can work either at the base camp or at a satellite camp based on the livestock migrations from one area to another, on a needs basis. The self-employed CAHWs work on their own terms and time, which makes them available to take up additional assignments given to them. Therefore, TIA can take advantage of their nature of work and could identify them as potential agents to sell IBLI, with suitable motivations and incentives.

The CAHWs have certain characteristics that would make them a good fit in the insurance model. CAHWs are mobile and can reach large numbers of pastoralists. Since mobility has been one of the challenges for the shop owners, the CAHWs resolve this challenge as they already have the ways and means to reach the remote areas, because that is where their clients are. They usually go to these places to provide animal-health services and, if they were to be appointed as agents, they could also sell insurance to these clients. Moreover, being an IBLI agent would provide them with additional income in the form of commissions earned from each policy sold.

Small-livestock traders

Many pastoralists, mostly men, have been getting involved in livestock trade. Some of these traders continue to practice pastoralism, while others have dropped out because of calamities such as drought and raids. Many of these traders have derived their starting capital from selling their own livestock, borrowing from family and friends or engaging in other small businesses.

Small-livestock traders use various strategies to buy animals and maximize their profits. Some buy directly from the producers in the satellite camps, base camps, small markets in the village and big livestock markets, and resell within the same markets. They are also very visible 'on the ground' because of the nature of their work.

The nature of work of the small traders makes them a good fit for being insurance agents. They move from one village to another to look for livestock they need for trade and, in the process, they meet good numbers of pastoralists who are potential insurance clients. Like the CAHWs, the mobile nature of the traders puts them at an advantage in resolving the current challenge of the agents unwilling to go out of their villages because of a lack of transport. Small-livestock traders can reach pastoralists at places such as water points, markets (big and small) and villages. Most of the time, pastoralists are unable to buy IBLI because of a lack of liquidity or cash constraints. If the small-livestock traders were to become agents, as part of their transactions, they could buy an animal from the potential client, and the client—with that money—could get an insurance policy, which creates a win–win situation for both parties. The commission made after each sale should be enough to incentivize the traders to become a part of the sales and distribution system.

Pre-conditions for implementing alternative models

Through the study, we have highlighted suitable identification, continuous capacity building, value proposition and technological support as the factors which would enable effective implementation of alternative models. Based on these factors, there are a few pre-conditions that need to be considered for TIA and for the agents. Below we elaborate on some of the points mentioned in Figures 7 and 8.

Figure 8. Mixed-agent model

Sustainable agency model

- Increased sales—New clients and renewals from old clients
- Retention of agents—Minimal dropouts and turnover
- Accurate product knowledge able to create informed demand

Complementary value chain aggregators

Cooperatives

Water user associations (WUAs)

Self help groups

Feed and fodder groups

Farmer and pastoralist associations

Youth groups

Already have their own groups members and methods of functioning. Since they are registered bodies, have a system of transaction, documentation and their own networks in place.

Enough awareness about each other's presence to refer potential clients based on area and location

Agents

Traders, general insurance agents, and CDRs

Usually do not have shops or establishments but travel from one place to another for transactions. They have their own network base which could also be members of the organized groups.

Prevents issues around moving to distant locations to look for clients and facing business loss

Shop/enterprise based

Because of the enterprise being branded, can carry out promotions within their area instead of travelling far distances looking for potential clients.

Certain prerequisites—For TIA / financial service providing companies
- Common interest—Assess the common interest between the organised groups.
- Capacity assessments—Every type of agent has to undergo a capacity assessment to determine the level of capacity development interventions required.
- Incentive structures—Groups, enterprise, freelancers should be able to see 'what is it in it for them' besides just an additional source of income, to be truly motivated.
- Introduction of demand driven products and services—Micro-products or livestock production related services in collaboration with other service providers so that agents can be utilized throughout the year, in addition to linking it to potential incentives.
- Monitoring and evaluation system—Database of agents through which activities, performance and progress of the agents can be monitored remotely.

Certain prerequisites—agents
- Identification of agents within the organised groups — Group leaders to identify proactive groups within their associations or organised groups based on pre-determined criteria
- Targeting potential clients — Through the already established networks and group members, identification of a possible critical mass of potential clients
- Communication and Feedback — Using the database of agents, communicating with potential clients on availability of agents in specific areas – e.g. agent in Hadado should be able to advise client where to find an agent in Buna

For TIA

Identifying points of common interest. TIA should carry out an identification process of common interest with the organized groups; it can then select the groups that it would want to work with for the process of sales and distribution. Given that the product is an asset-protection contract, it would be strategic to work with groups who are dealing with livestock related production and services (refer to model 1 and model 3 for such an example). Moreover, some groups are strategically placed as links between county governments and policymakers and, in the long run, could be used to bundle services. It will be important for TIA to assess the network (both mobile and physical) of these groups in terms of their outreach and influence in the community, especially with the elders and religious leaders.

Mapping the presence of CAHWs in an area and characteristics of small-livestock traders/ businesspersons. If the CAHWs are to be involved in the sales and distribution process of IBLI, a mapping exercise will have to be carried out to understand the (i) legal framework under which they are currently working and (ii) number of animal-health workers in a given area.

For the traders to be viable as potential agents, a characteristics study would have to be done to find out (i) if these traders/businesspersons are regular or seasonal buyers, (ii) the kinds of phones they usually use and their knowledge of smartphones, (iii) their mode of transaction, whether through M-Pesa or cash and (iv) their process and knowledge of accounting and bookkeeping.

Capacity assessments. This is an integral part for any model to work. Before applying any of the alternative models or even improving the existing model, it is imperative that capacity assessments of the potential and current agents be carried out. This is important to understand what the level and kind of interventions required are, how they will be provided, and by whom. These assessments will have to be carried out through customized tools to meet the needs of the context for all the models proposed.

Incentive structures. TIA should consider partnering or teaming up with service-providing entities in its zones of influence to enable organized groups to see the value of being part of the sales and distribution process. This could be in the form of subsidies on: animal drugs, vaccination facilities, linking to financial or human-health services, for every certain amount of sales made, among others.

Monitoring and evaluation system. Having a clear monitoring and evaluation mechanism is important for the alternative models to work. Hence, having a geo-referenced database of the agents is necessary to monitor their activities, progress and performance. For example, if an area which normally does not have a history of high sales starts recording very high sales, the system in place should be able to detect the reason for such sales—whether it is the efforts of the agent or misinformation which is causing such a high rise in sales. In addition, in the existing model, mechanisms can also be considered to monitor and track the number of visits that the lead agents make to their sub-agents.

For agents

Identifying potential agents within organized groups. From conversations with the representatives of organized groups, we learned that all groups or group members may not have the capacity to meet the standard of becoming an agent. Therefore, it should be the responsibility of the association/group leaders to identify groups or members of the groups who would fit the criteria of becoming agents.

Targeting potential clients. On the assumption that each of these organized groups have their own network base and group members, they also have a structured way of dealing with other 'actors' (people) within their 'system'. Therefore, each group should take up the responsibility of mapping their potential client base and the process of targeting them. This can then be translated into a sales strategy or method, together with TIA.

7.   The way forward

We conclude with the findings and the recommendations made. To assess the effectiveness of the recommendations made, a pilot study should be carried out of different elements of the models proposed, in either some of the already existing TIA project sites or new areas where TIA would be expanding its operations, to understand what would work, what needs to be modified, and what needs to discarded.

Along with piloting the recommendations, a capacity development pathway needs to be embedded in the agency structure that TIA eventually adopts. This capacity development pathway should be complemented with an effective monitoring and evaluation framework for agents. The monitoring and evaluation framework should have learning components to enable improvement in processes, incentive structures that motivate agents to make genuine sales, and capacity assessment methods over time. Figure 9 is a representation of the proposed concept of the capacity development and training pathway.

Figure 9. Proposed agency selection and capacity development pathway.
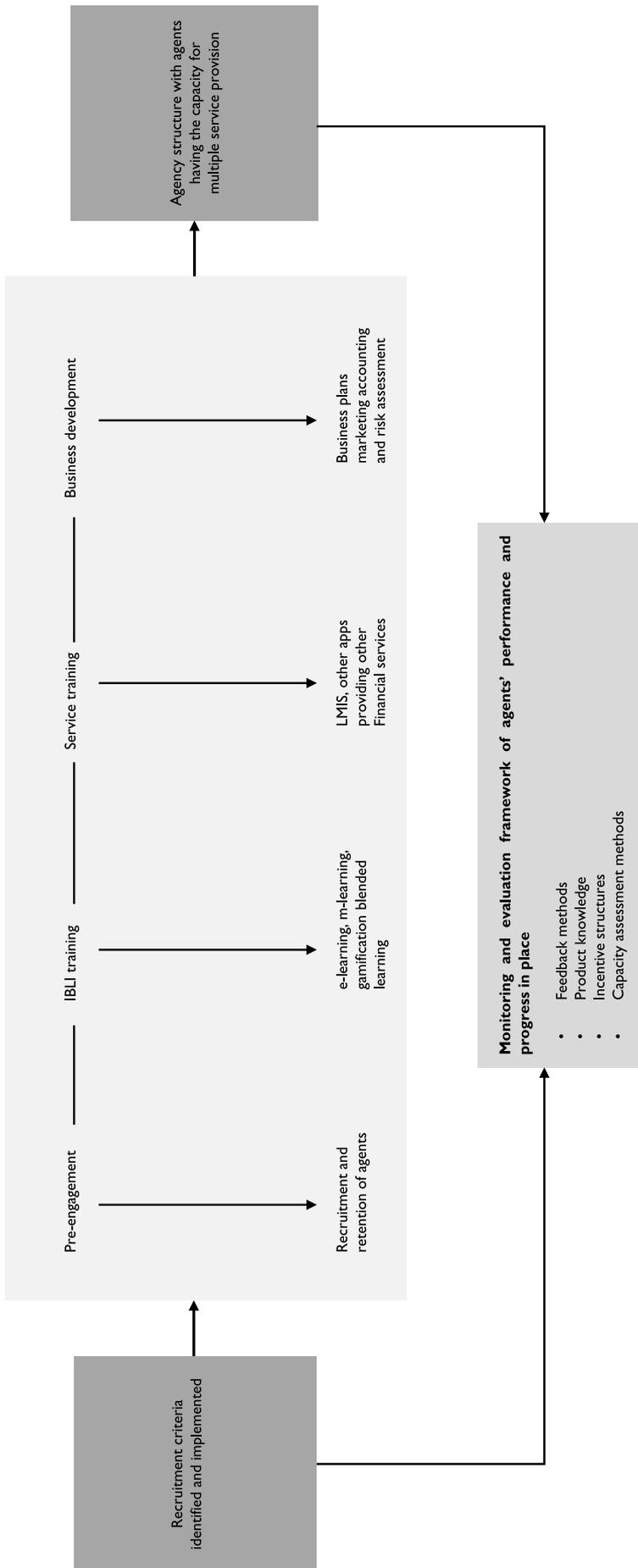
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