

# 209th IDEC Asia Seminar / JDS 2010 Development Policy Seminar



Index-based Livestock Insurance

http://www.ilri.org/ibli/

## Index Based Livestock Insurance

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**IBLI Project in Northern Kenya wins PEGNet best practice Award**

**ILRI** **BASIS** **Cornell University** **Maxwell School of Agriculture University**

**Overview:**

Over the past year, ILRI in collaboration with various partners has pursued a comprehensive research agenda aimed at designing, developing and implementing market mediated index-based insurance products to protect livestock keepers from drought related asset losses they face, particularly those in the drought prone Arid and Semi Arid Lands (ASAL). For pastoralists whose livelihoods rely solely or partly on livestock, the resulting high livestock mortality rate has devastating effects on asset levels, rendering them amongst vulnerable populations in Kenya.

Index-based insurance products represent a promising and exciting innovation that could allow the benefits of insurance to protect the climate-related risks that vulnerable rural smallholder farmers and livestock keepers face. Because index insurance is based on the realization of an outcome that cannot be influenced by insurers or policy holders (such as the amount and distribution of rainfall over a season), it has relatively simple and transparent structure. This makes such products easier to administer and consequently to more cost-effective to develop, and trade. Indeed the success of several pilot programs conducted in India, and various countries in Africa and Latin America, have proven the feasibility and affordability of such products.

Much of the initial phase of the project, which included an extensive program of field work and stakeholder consultation, is now complete. The research has generated useful insights that have been used in the design of index-based livestock insurance (IBLI) products that is better targeted to the various needs of the expected clientele. Currently, an IBLI contract has been modelled, priced, tested among the target clientele and is now ready for implementation. ILRI in collaboration with partners from the public, private and non-profit sectors now plans to pilot IBLI contracts for the long rain/long dry season spanning March 2010 to September 2010 in Marsabit district.

**Objectives:**

- To effectively introduce index-based livestock insurance products to pastoral and agro-pastoral populations to help them manage drought-related livestock mortality.
- To learn and document the effectiveness of use of index-based livestock insurance as a tool for managing weather related perils and to incorporate lessons-learned in efforts to upscale the pilot for national rollout.

**Duration:** 5 Years  
**Location:** Marsabit district, Kenya

**Expected Outputs:**

The expected outputs, aimed at catalyzing a commercially insurance, and understanding its possible role as a pro

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## Protecting Pastoralists from the Risk of Drought Related Livestock Mortality: Piloting Index-Based Livestock Insurance (IBLI) in Northern Kenya

**Lecturer: Munenobu Ikegami, Ph.D** in Agricultural and Applied Economics  
Post Doctoral Scientist, International Live Stock Research Institute(ILRI)



**Date: December 20, 2010 (Monday)**

**Time: 10:30-12:00**

**Venue: Large Conference Room, IDEC**

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