

# 91. THE INDEX-BASED LIVESTOCK INSURANCE (IBLI)

ACTION AREA	CLIMATE RESILIENT DEVELOPMENT PATHWAYS
SOLUTION CLUSTER	CLIMATE RISK REDUCTION & MANAGEMENT
THEMATIC AREA	CLIMATE INSURANCE PRODUCTS
SUBMITTED BY	ILRI

## WHAT IS THE RISK, SHOCK, STRESS THAT THE SOLUTION IS TRYING TO ADDRESS?

Recurrent droughts in Pastoral Areas are a common phenomenon leading to huge losses of livestock which are the main assets that these communities have as a means of livelihood. Livestock in these areas are seriously affected by frequent droughts, lack of animal feed, disease outbreaks & lack of market infrastructure & market linkages. Emergency support is not reliable & come after asset loss, which makes it difficult for the Pastoralists to recover from shock. The capital spent for emergency support from national governments & international organizations, although huge, mainly targets humanitarian assistance.

## HOW DOES THE SOLUTION IMPROVE OR ENHANCE RESILIENCE OF FOOD SYSTEMS?

Combined interventions on building animal feed reserves for the livestock, institutionalizing index-based insurance which provides mitigation to the shocks and creating market linkages for livestock will improve resilience of the pastoral system.

Climate risk financing for the livestock keepers in the drylands, along with access to information and services which can help them in decision making and long-term planning against climate risks. One such solution could be the scaling of the index-based livestock insurance (IBLI) which has been operational in Kenya and Ethiopia since 2010 and is now set to offered in different parts of the Horn of Africa. It is a financial solution, whereby insurance products are offered to pastoral communities against drought related risks. The state of the pasture is monitored over a given season and when the level of pasture falls below a certain threshold (against historical data of severe droughts), payouts are triggered, which is supposed to aid pastoralists in accessing and providing essential services for their households and livestock, thus keeping them alive during severe dry conditions

## IS THE SOLUTION RELEVANT TO BUILDING FOOD SYSTEMS RESILIENCE?

Anticipate shocks/risks/stress and/or reduce vulnerability, Manage risks, Prevent (reduce exposure), Absorb, respond/cope, Transform the Food System when the current Food System is no longer sustainable

## IN WHAT REALMS OF INTERVENTION IS THE SOLUTION DESIGNED TO ACT ON RESILIENCE?

Individual, Household, Community

#### WHO ARE THE MAIN ACTORS THAT WOULD PUT THIS ACTION INTO PLACE?

Policymakers (government), Private (businesses, etc.), Civil (NGOs, etc.), Farmers, Scientists, Indigenous groups

#### WHAT IS THE POLITICAL SUPPORT FOR THIS IDEA? DOES THE IDEA HAVE ANY MEMBER STATES OR POLITICAL INTERESTS? ARE THERE ANY STAKEHOLDERS WORKING ON IT?

The solution is actionable, sustainable with high impact potential in transforming the livelihood of millions of pastoralists. Supporting feed reserve creates access for pastoralists to buy animal feed for their livestock in time of drought shocks. The money could be sources from index-based livestock insurance that would enable farmers to get fund based on meteorological information and predictions. Such insurance scheme protects assets than replacing lost assets after drought. Market infrastructure and information will help to link pastoralists to feedlots, and national and international markets. Drought is recurrent, that affects pastoral livelihood. Governments, Non-governmental organizations, and development partners support pastoral development to enhance resilience. Thus, the support should target resilience building that sustainable protects pastoral livelihood.

There is evidence generated in research how index-based insurance supported pastoralists (<https://cgspace.cgiar.org/handle/10568/103245>).

Different drought resilience initiatives supported by World Bank, AfDB & other donors have been working to build pastoral resilience in East Africa (Kenya, Ethiopia, Uganda). In addition, ILRI in collaboration with private insurance companies piloted Index Based Livestock Insurance (IBLI) in Kenya & Ethiopia since 2010 & is working with Governments in the Horn of Africa to scale in that region.

#### IS THE SOLUTION APPLICABLE AT GLOBAL LEVEL, OR SPECIFIC CONTEXTS & PARTICULAR COUNTRIES?

The solution could be applied in Sub-Saharan Africa, parts of East Asia and then scaled to other parts of the world with pastoral areas.

#### WHAT ARE THE KEY ACTIONS REQUIRED TO ADDRESS THIS SOLUTION?

The key actions are changing mind set of pastoralists dependence on food and feed aid during time of shocks to self-reliance, scaling up index-based livestock insurance, creating access to meteorological information, supporting private sector in the feed and animal business, etc.

#### ARE THERE ANY FINANCIAL SOURCES / FUNDS THAT IS SUPPORTING THIS IDEA?

There is partial support through project funds. These initiatives could get more buy-in by financial institutions and some Governments for example Kenya Government.

#### HOW DOES THIS SOLUTION CONTRIBUTE TO (A) EMPOWER WOMEN AND COMBAT GENDER INEQUALITIES, AND (B) THE FULFILMENT OF HUMAN RIGHTS, ESPECIALLY THE RIGHT TO FOOD AND THE RIGHT TO WATER, (C) MAKE USE OF INNOVATIONS (TECHNOLOGIES, INSTITUTIONS, PROCESSES)?