



## Livestock Insurance Webinar, 2<sup>nd</sup> February 2021 – Outstanding Questions

- 1. Question:** As the evidence shows that the IBLI systems are not lasting long, what should be the solution for sustainability of the system to benefit pastoralists/agro pastoralists?

**Answer:** The World Bank (WB) IBLI in Mongolia started in 2006, so it is about 14 years old. However, it was not possible to get any information on how it has been performing since 2016, after the WB phased out the project. The last information available is that at its peak, in 2013, it sold 19,000 policies covering 12% of total herders and then it dipped to 10,000 policies in 2015 covering 8% of total herders because no payouts were made in the preceding few years. ILRI's IBLI in Kenya started in 2010 and it is still on going. Two other projects funded by other agencies in Ethiopia are designed to last for three and five years respectively. Other agencies may follow suit and come up with short-term insurance projects perhaps in pursuit of accessing funds. Such short-term insurance projects are likely not to be sustainable. To answer your question, one needs to look in depth into the WB and ILRI insurance schemes that have been on the scene for over 10 years. Detailed assessment of these two schemes (in the field) could provide clues on alternative arrangements/modifications and/or adopting their modus operandi, if appropriate. Meanwhile, in certain appropriate locations, loan-based insurance schemes can also be an alternative solution.

- 2. Question:** How effective is the use of NDVI in say ascertaining the range conditions in places where there is infestation of Prosopis? Communities complaining satellite images pick prosopis as green and they dont get paid.

**Answer:** I don't think satellite readings will be effective in areas infested with prosopis or in woody grassland rangelands. So far, NDVI is not practiced in such pastoral areas, for example, in Afar, Ethiopia.

- 3. Question:** Don't all insurance systems face the same problems as vehicles for helping the poor - insurance is based on risk sharing, not on risk removal. Insurance works well for rare but large shocks, so none suffers too much - but then, will the poor pay premiums? but if the payouts are based on frequent occurrences, then the premiums are high in relation to payout, since total premium must be higher than payout on a sustainable system. (This is a big problem for human health insurance schemes in places where people get sick every year.) This applies to any model of insurance. Is there any way round this?

**Answer:** I totally agree with you. I sometimes wonder if it is possible for pastoral civic groups or micro-insurance NGOs to run livestock insurance schemes for pastoral/agro-pastoral groups, where some of the profits could be ploughed back to communities. I also know that

this is a tall order, as it requires extensive training and capacity building to make such initiatives successful, as insurance is a complicated business. But, it can be done through time.

Regarding a different insurance scheme, I just found community members being happy with human health insurance system that was initiated in Rwanda and being implemented in Ethiopia. Rural households (for a couple and children under 18) are ensured for a mere \$4, while town residents pay \$15 and a bit more for those engaged in business. This insurance allows policy holders to go up to referral hospitals and is compulsory. The scheme is subsidized by the government but it ensures health service equity to all while lessening the burden on the state. I wonder if lessons can be taken from this arrangement for livestock insurance. One question, I was often asked by pastoralists, was why is the livestock insurance different to the human health insurance, which I found difficult to answer.

**4. Question:** Is there any Country with a functional National Animal Health Insurance Scheme?

**Answer:** Not that I know of. However, in India, the loan-based insurance scheme covers a significant proportion of livestock farmers. Government, cooperatives, livestock producers associations and numerous NGO micro-insurance schemes play active roles in loan-based insurance schemes.

**5. Question:** Interesting initiatives. I develop satellite monitoring apps with and for cattle ranchers in the LAC region, are you aware of commercial/humanitarian insurances based on vegetation indices?

**Answer:** Index Based Livestock Insurance in Mongolia, Kenya and Ethiopia was initiated as humanitarian insurance but run by mainstream insurance companies on a commercial basis. Similarly, commercial insurance companies also provide crop insurance in Kenya and Ethiopia based on vegetation indices.

**6. Question:** Have there been any positive experiences of macro level, parametric insurance schemes entered into by governments (like ARC) using payouts to support livestock keepers?

**Answer:** Not that I know of. Some governments provide assistance for livestock in the form of feed, water and veterinary drugs provision, as drought response measures.

**7. Question:** Have you come across cases of resistance to IBLI (or other insurance models) from people who think they are contrary to Islamic law?

**Answer:** Not yet.

**8. Question:** ILRI (I think) did a study which showed a significant proportion of the IBLI payout was used to purchase fodder/feed. This likely stimulates a local fodder/feed market but I'm not sure how those expenditures were distributed geographically (presumably more feed sold to producers closer to feed/fodder markets). Would a subsidy to stimulate feed/fodder be a better return on investments?

**Answer:** The question is access to feed. Some areas are very remote from the feed sources. In areas where pastoralists are used to feed from external sources through NGOs they try to purchase hay or concentrate feed. The problem is that payouts are made to individual policy holders and unless feed is available locally, they may lack the initiative to organize

themselves and order feed from distant sources (say, 500 or 750 kilometers away). Some payees may also prefer to use the payout for other pressing needs than feed. So, there is a need to organize feed/fodder markets close to project areas – but, I have not seen any initiative along this line, at least, in Ethiopia. Obviously, subsidies, in the short run, would help in stimulating fodder/feed markets until they are well established closer to communities.

9. **Question:** Is there a clear timeline data indicating the total payouts that have been done in Ethiopia and Kenya where IBLI is implemented?

**Answer:** I have not been able to get hold of this. Specific reports only indicate payouts made in a given year, but not in a manner that show all payouts over the years.