Piloting IBLI in Marsabit -- ILRI

About the Project

Project Name: Piloting IBLI in Marsabit -- ILRI
Type of Facility Project: Microinsurance innovation grantee
Country of Operation: Kenya
Region: Africa
Sub Topics: Business viability, Other channels, Data analysis and processing, Client interface, Renewals, Enrollment, Sales, Promotion, Product development, Partnerships, Impact, Demand, Agriculture
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Bank

Organizational Overview

The International Livestock Research Institute (ILRI) works at the crossroads of livestock and poverty, bringing high-quality science and capacity-building to bear on poverty reduction and sustainable development for poor livestock keepers and their communities. ILRI’s research portfolio comprises three issue-oriented themes: 1) improving market opportunities; 2) using biotechnology to secure livestock assets; and 3) people, livestock and the environment. The institute also researches two cross-cutting programs that study evolution in livestock systems and the impacts of livestock innovation on poverty, vulnerability and gender equity. ILRI works in all tropical developing regions with special emphasis on Africa and South and Southeast Asia.

Project Description

The International Livestock Research Institute (ILRI) seeks to reduce poverty and promote sustainable development for poor livestock keepers and their communities. One tool for managing the vulnerability of pastoralist households, particularly to drought, is index based insurance. ILRI, along with its partners Cornell University, the BASIS Research Program at the University of Wisconsin-Madison, and Syracuse University, have developed a research program that produces market-mediated in...

Beneficiaries

The project is targeted towards pastoralists in Kenya’s Marsabit District. Marsabit has a population of approximately 30,000 households and a livestock population of 120,000 cattle, 1 million sheep and goats, and 76,000 camels.

Learning Agenda

- What are the determinants of insurance uptake?
- Whether, and if so by how much, the insurance changes households’ economic decisions and welfare?
- What are the challenges and opportunities involved in delivering insurance marketing and extension services to a relatively illiterate population that is ethnically diverse and inhabits a remote and infrastructure deficient region?
- How effective are different marketing and extension tools in enabling pastoralists make insurance investment decisions.

Project Status

Key Performance Indicators
### Project Updates

As of May 2010 The first round of sales was conducted from January to February 2010. The launch received extensive media coverage. Equity and ILRI took the lead identifying a training and extension strategy and developed a training curriculum and training manual. All partners were responsible for the training of Master Trainers and Village Insurance Promoters (VIPs) to in turn train the local community. The partners reported having the most success in reaching Master Trainers and VIPs in... [READ MORE][2]

### Project Lessons

**On the determinants of livestock insurance uptake** Provisional results from the surveys suggest the following: Price does not have a strong effect on demand. However, coupons giving discounts, encourage pastoralists to purchase the insurance and try the product. Pastoralists who are more prepared to take risks are more likely to buy the product. This may reflect the fact that these people are more willing to adopt innovations, but this is not clear. [READ MORE][2]

**On the extent to which livestock insurance changes households' economic decisions and welfare** Provisional results of the impact analysis are available in an Index Insurance 4 Innovation Initiative brief, Coping with Drought: Assessing the Impact of Livestock Insurance in Kenya. The main paper can be accessed here. The findings suggest that insured households expect to deal with drought differently to uninsured households. Insured households expect... [READ MORE][2]

**On marketing and client education** For a new concept like insurance, constant engagement with the targeted and insured community is important. Consistent engagement builds trust and understanding, and provides the opportunity to discuss how the index relates to the ground conditions. It also helps create a participatory atmosphere of mutual trust which was helpful when sale windows had to be missed. When this happened the project partners undertook a joint mi... [READ MORE][2]

**On distribution partnerships and sales agents** Expanding the reach of microinsurance requires heavy partner involvement and a high level of commitment from each partner. To achieve this all partners should receive adequate levels of compensation for their efforts, and the costs being incurred by each partner should be monitored constantly. Since the costs of distribution and of setting up the POS in the first round of sales were high, Equity Bank could not se... [READ MORE][2]

**On using appropriate technology and the importance of training the channel on technology use** It is important for the beneficiaries to get a receipt or confirmation that the payment has been recorded. Pastoralists are keen to know that the premium they have paid has been recorded and cover is available. Since the SMS facility was not being used due to connectivity issues, a lack of payment confirmation caused concern and may have impacted sales. Any system... [READ MORE][2]

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