



# KENYA LIVESTOCK INSURANCE PROGRAM

Sharing KLIP Experiences

Maputo - Mozambique

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# KLIP

## A PARTINERSHIP BETWEEN GoK, WORLD BANK, ILRI AND PRIVATE INSURANCE COMPANIES

- IMPLEMENTATION BY THE STATE DEPARTMENT OF LIVESTOCK
- WORLD BANK AND ILRI PROVIDE TECHNICAL SUPPORT
- PRIVATE INSURANCE COMPANIES PROVIDE INSURANCE COVER AND PAYOUT TO BENEFICIARIES



# Justification for Livestock Insurance

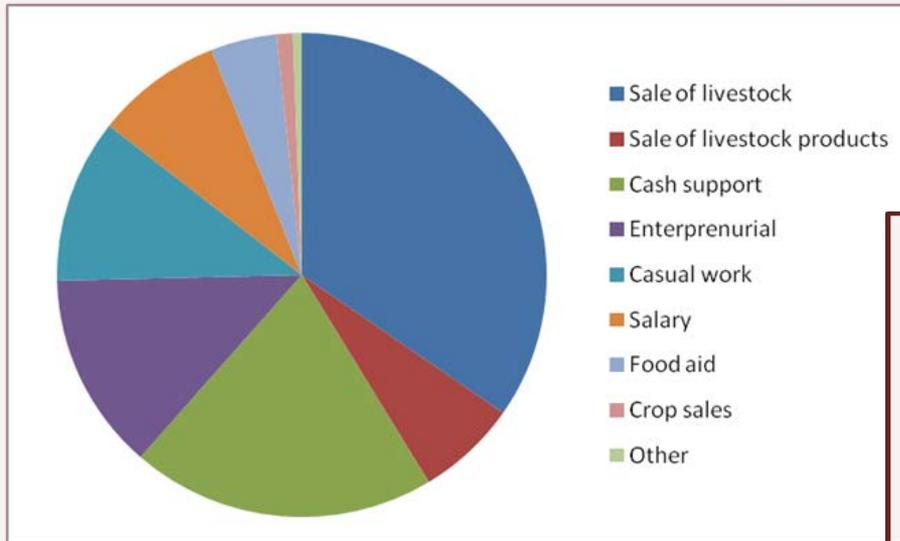
- Kenya is vulnerable to frequent and extremely expensive natural disasters;
- High frequency of drought (every 2-4 years);
- 2008 - 2011: Total drought losses to Kenyan economy: **KShs 968.6 billion and reduction of GDP by 2.8% each year. 72% of this loss is related to livestock;**
- Severe droughts lead to approximately 20% mortality of livestock;



# KLIP JUSTIFICATION

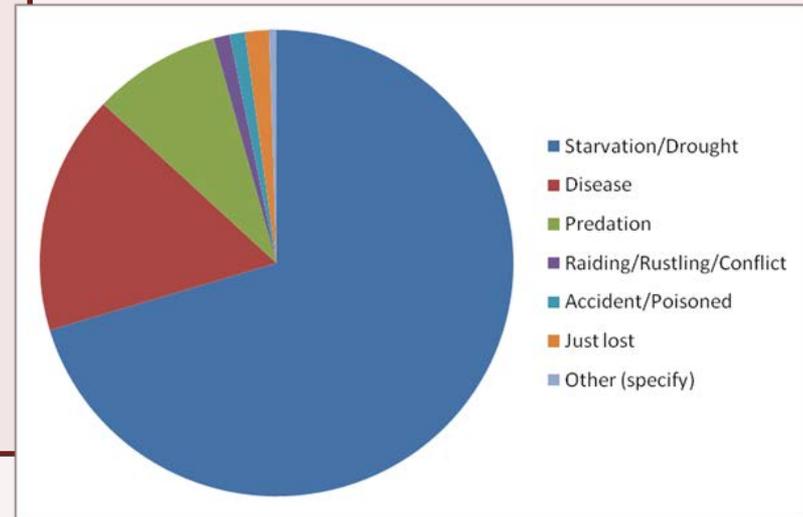
Livestock is the principle asset and key source of income in pastoral Economy

## Component Shares of Income



- Sale of livestock and livestock products constitute 40% of household income

## Cause of Livestock Mortality



- Drought is by far the leading cause of livestock mortality

# Big Four Agenda

- **Food Security and nutrition.**
  - **Manufacturing**
    - **Health**
    - **Housing**

## **KLIP Strategies for attainment of Food security and nutrition**

- **Building Resilience through insurance in the pastoral areas**
- **Promotion of PPP**

# KLIP OBJECTIVES

- To build the resilience of vulnerable pastoralists in the Arid and Semi-Arid Lands (ASALs) against the consequences of drought through the provision of index based livestock insurance services to the vulnerable pastoralists
- To build capacities of the pastoral communities and stakeholders on the use of insurance for the reduction of weather related risks and rebuilding of livelihood support systems;
- To increase Public-Private-Partnerships (PPP) in the provision of index based livestock insurance to the vulnerable pastoralists whose livelihoods are dependent on livestock. KLIP will endeavor to support private sector to provide insurance services in the ASAL's through innovative subsidy support mechanisms and use of county extension delivery systems to enhance awareness on insurance;



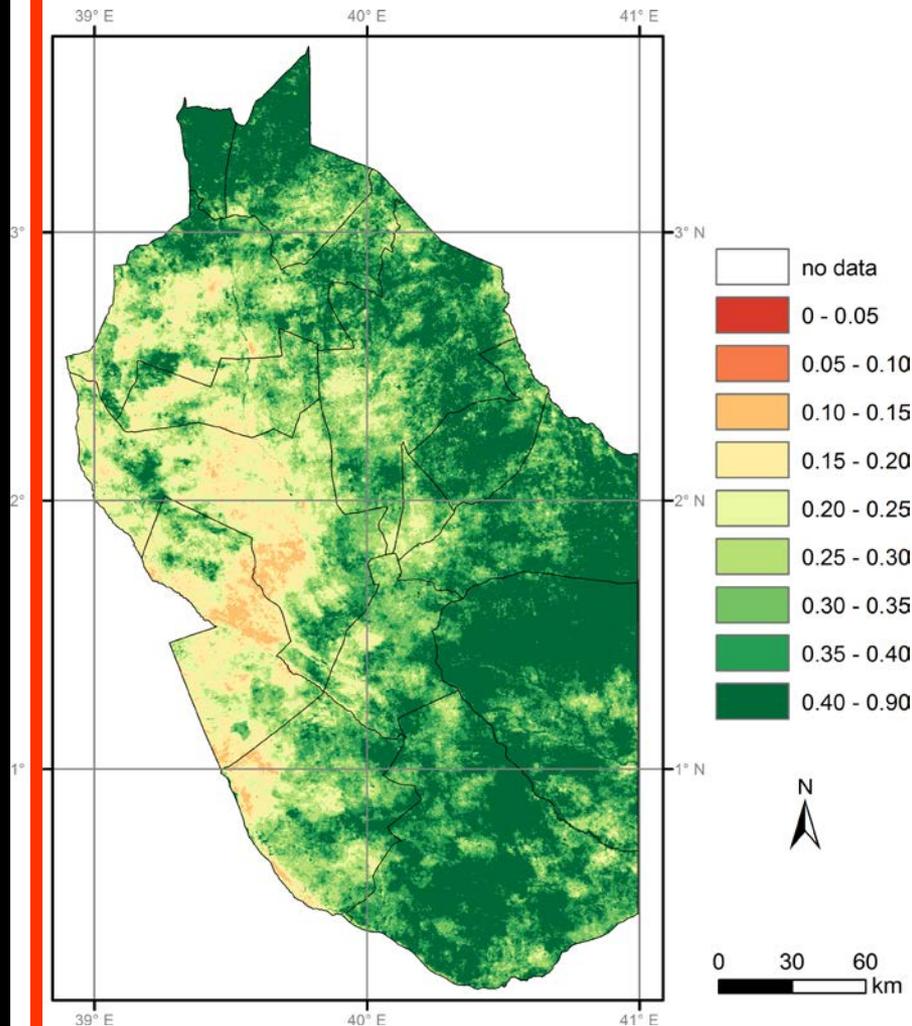
# KLIP Design

- Designed to use forage availability as determined by satellite data - Normalized Difference Vegetation Index (**NDVI**) to determine whether to pay;
  - **Following the successful piloting of ILRI designed IBLI**
- Currently the National government provides 100% premium support **for 5 tropical livestock units (TLU) belonging to vulnerable pastoralists;**
- The insurer and beneficiaries will make arrangements for desired additional cover;
- The insuring company makes payouts directly to the accounts of the beneficiaries when there is a **trigger.**

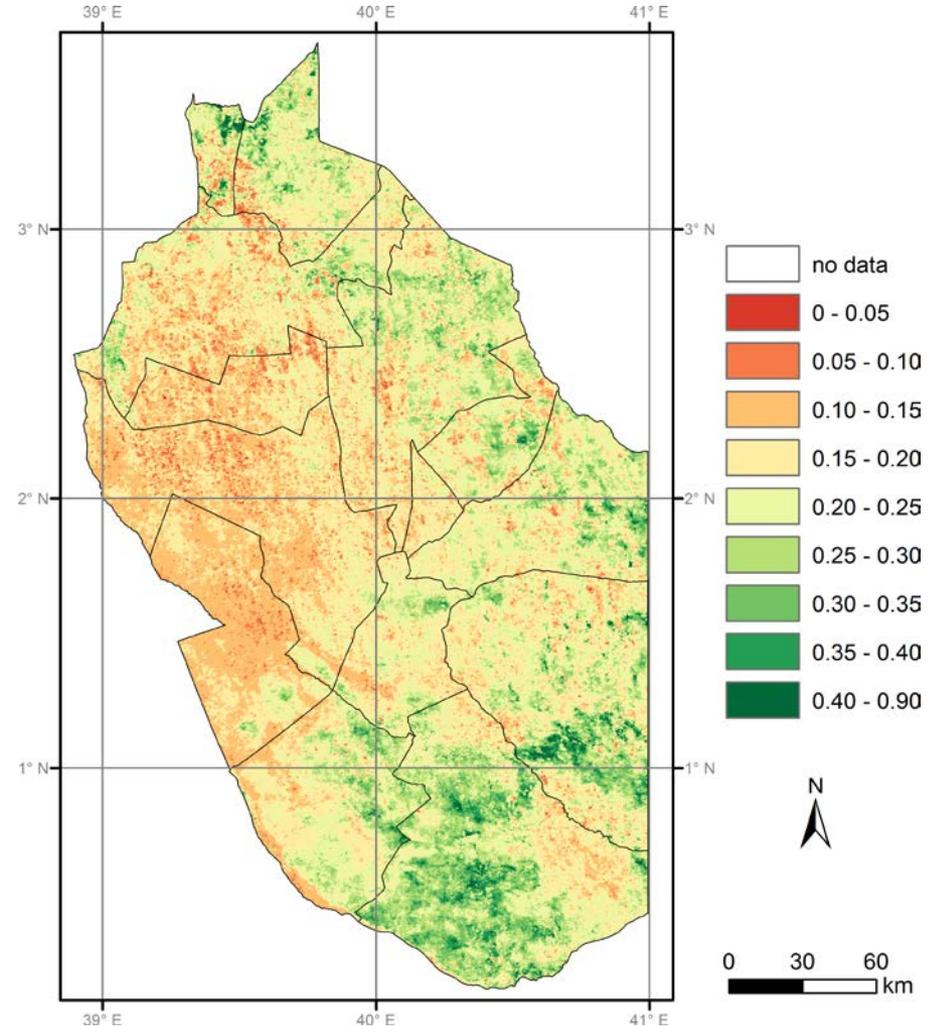


# Use of Satellite Data

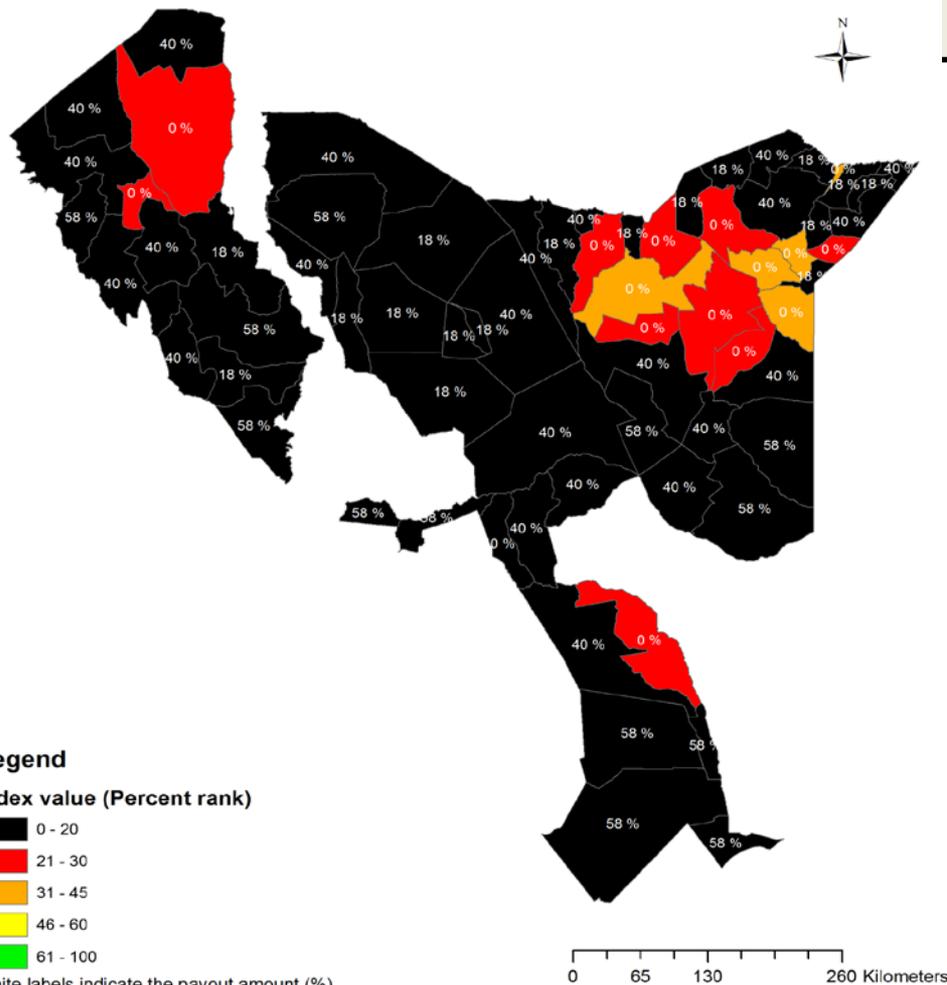
## Generation of Relevant Satellite Data (NDVI)



1-10 May 2010



1-10 May 2011

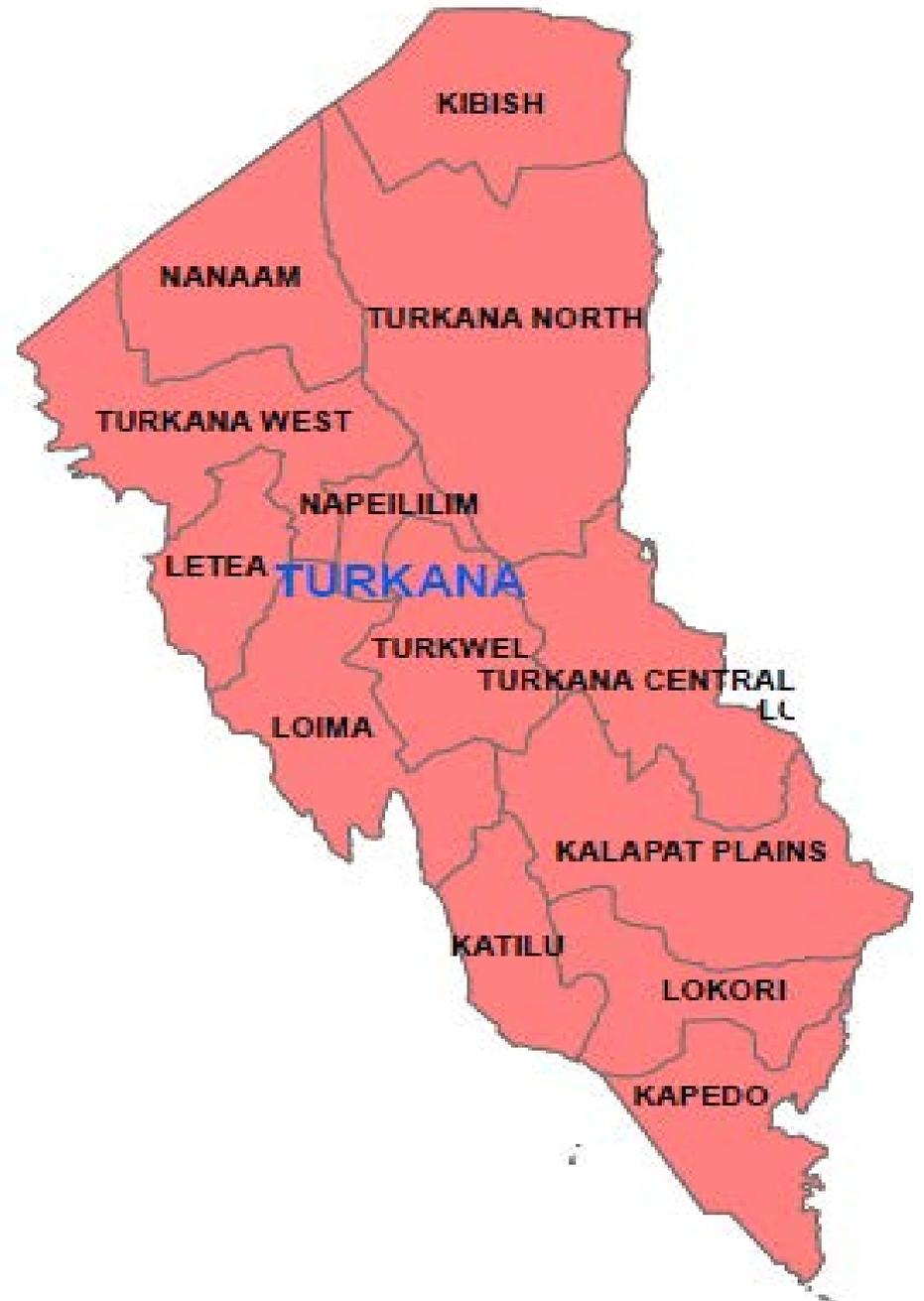


UAI Name	UAI ID	Final Index LR 2017	Payouts (%) LR 2017
CENTRAL ISIOLO	30	0.00	58
GARBA TULLA	31	0.07	40
KINNA	32	0.07	40
MERTI	33	0.07	40
SERICHO	34	0.07	40
OLDONYIRO	35	0.00	58
ASHABITO	36	0.07	40
BANISA	37	0.14	18
CENTRAL MANDERA	38	0.14	18
ELWAK	39	0.14	18
FINO	40	0.07	40
RHAMU	41	0.43	0
LIBEHIA	42	0.14	18
MALKAMARI	43	0.07	40
DANDU	44	0.14	18
HARERI	45	0.14	18
WARGADUD	46	0.36	0
WARANKARA	47	0.14	18
KOTULO (MANDERA)	48	0.36	0
SHIMBIR FATUMA	49	0.43	0
RHAMU DIMTU	50	0.14	18
LAFEY	51	0.29	0
KHALALIO	52	0.07	40
TAKABA	53	0.21	0
CENTRAL MOYALE	60	0.07	40
GOLBO	61	0.29	0
URAN	62	0.07	40
OBBU	63	0.14	18





# TURKANA INSURANCE UNITS



# TURKANA PAYOUTS SR2016

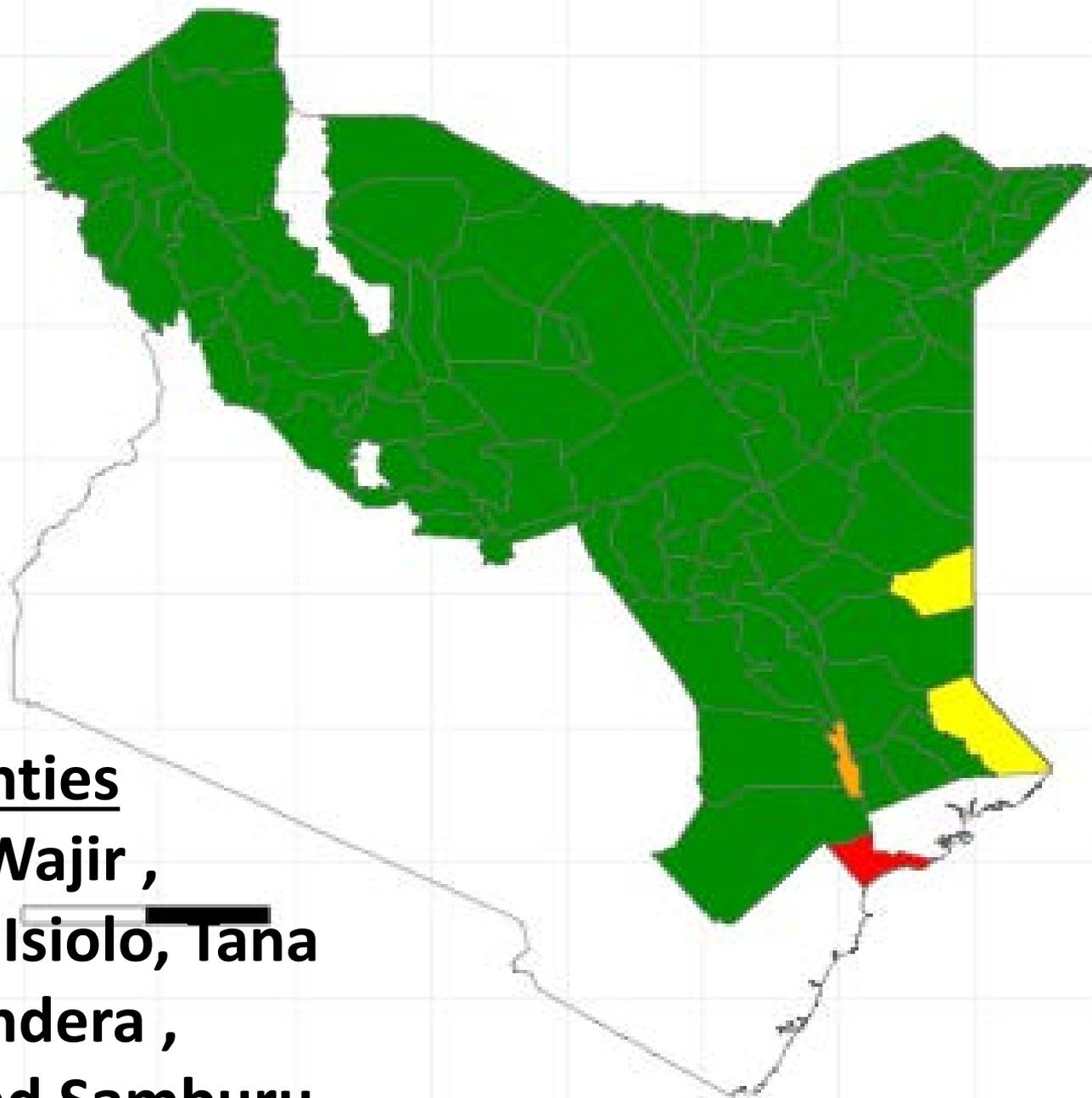
<b>NDVI UNIT</b>	<b>TOTAL NUMBER OF ENROLLMENTS</b>	<b>Sum of CLAIM TRIGGER</b>
KALAPAT PLAINS	406	568,400
KAPEDO	118	1,239,000
KATILU	71	745,500
KIBISH	357	10,495,800
LETEA	51	1,499,400
LOIMA	265	7,791,000
LOKORI	121	3,557,400
NANAAM	52	1,528,800
Turkana Central	357	-
TURKANA NORTH	358	10,525,200
TURKANA WEST	254	5,156,200
TURKWEL	92	-
Grand Total	2502	43,106,700



# KLIP Coverage

- The Program is to cover 14 ASAL Counties of
  - Turkana, Wajir , Marsabit, Isiolo, Tana River, Mandera ,
  - West Pokot, Baringo, Garissa and Samburu
  - Laikipia, Narok, Kajiado and Lamu
- Upto September 2017, six counties of Turkana, Wajir, Marsabit, Isiolo, Tana River, Mandera were under cover.
- Currently insurance contract for 8 counties including Garissa and Samburu and samburu has been signed and took effect from October, 2017
- On Average 2000 households covered in each county except, Turkana, Wajir, Tana River and Marsabit with 2500 HHs each.
- Cover for 5 TLUs per Household

**ASAL Counties**  
**Turkana, Wajir ,**  
**Marsabit, Isiolo, Tana**  
**River, Mandera ,**  
**Garissa and Samburu**





# KLIP Progress and Achievements

Short Rains season (October-December 2017) **48 insurance units (in 7 counties)** triggered. **Kshs. 175m** insurance claims payments to be paid to 9,700 beneficiaries.

Long Rains season (March-June 2017) 55 insurance units of 70 (in 6 counties) triggered. **Kshs. 319m** insurance claims payments was paid to 11,407 beneficiaries.

Short Rain season (Oct – Dec 2016) - 62 insurance units out of 70 (in 6 counties) triggered. **Kshs. 215m** insurance claims payments were done covering 12,000 beneficiaries.

August, 2016 Long rains season: - **Kshs. 3.5 million** insurance claims paid to 275 pastoralists/beneficiaries in two insurance units in Wajir County.

**Total payouts – Kshs. 705 Million**

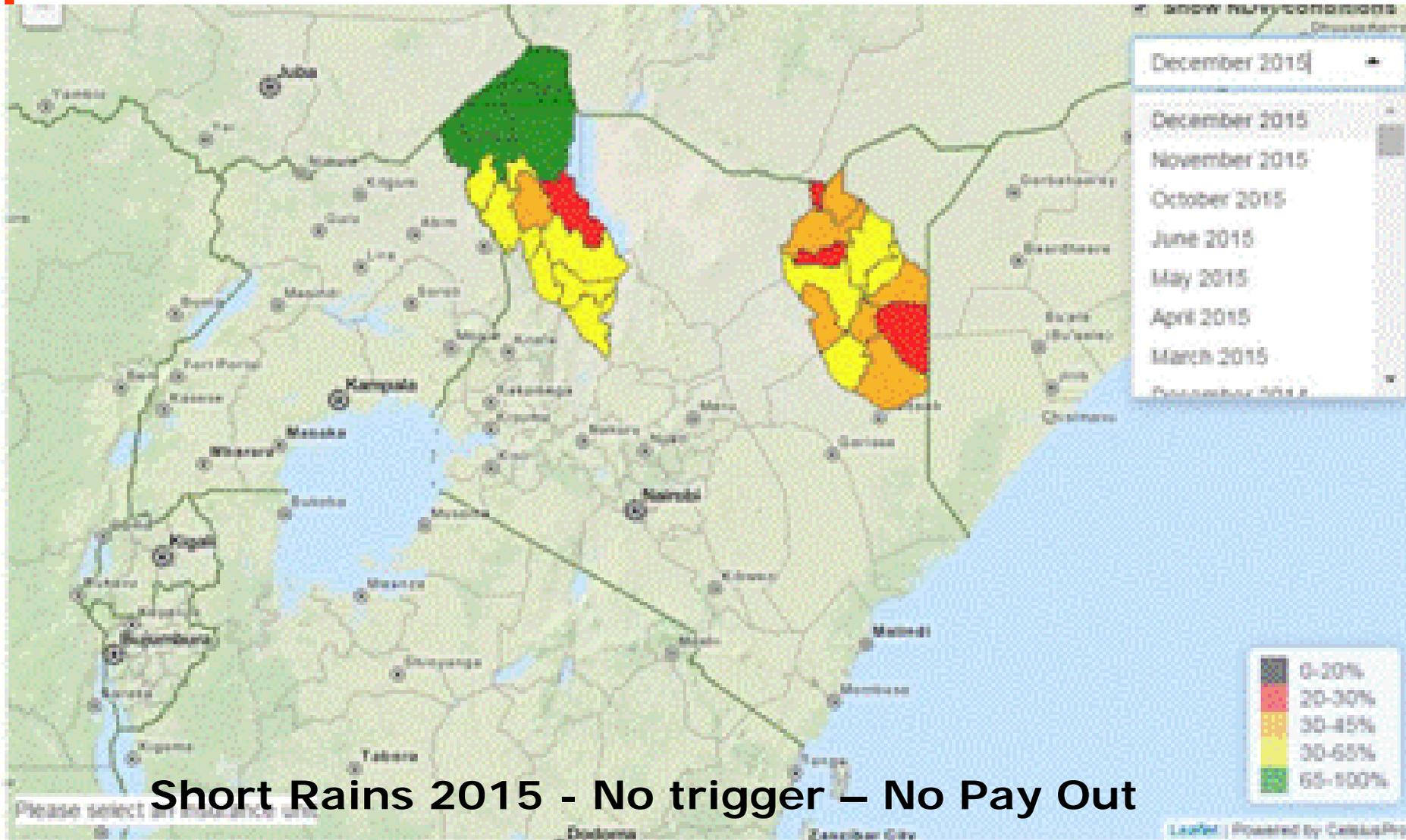
# Annual GoK treasury allocations to KLIP

Year	14/15	15/16	16/17	17/18
Total Budget (Ksh. m)	85	121	103	300
Premiums Budget (Ksh. m)	56.1	67.6	96.8	246
% Investment premiums	66	56	94	82
% Capacity building, O&M	34	44	6	18

**Three year GoK premium payments of Kshs. 460 m  
against Insurance payouts of Kshs. 705m**

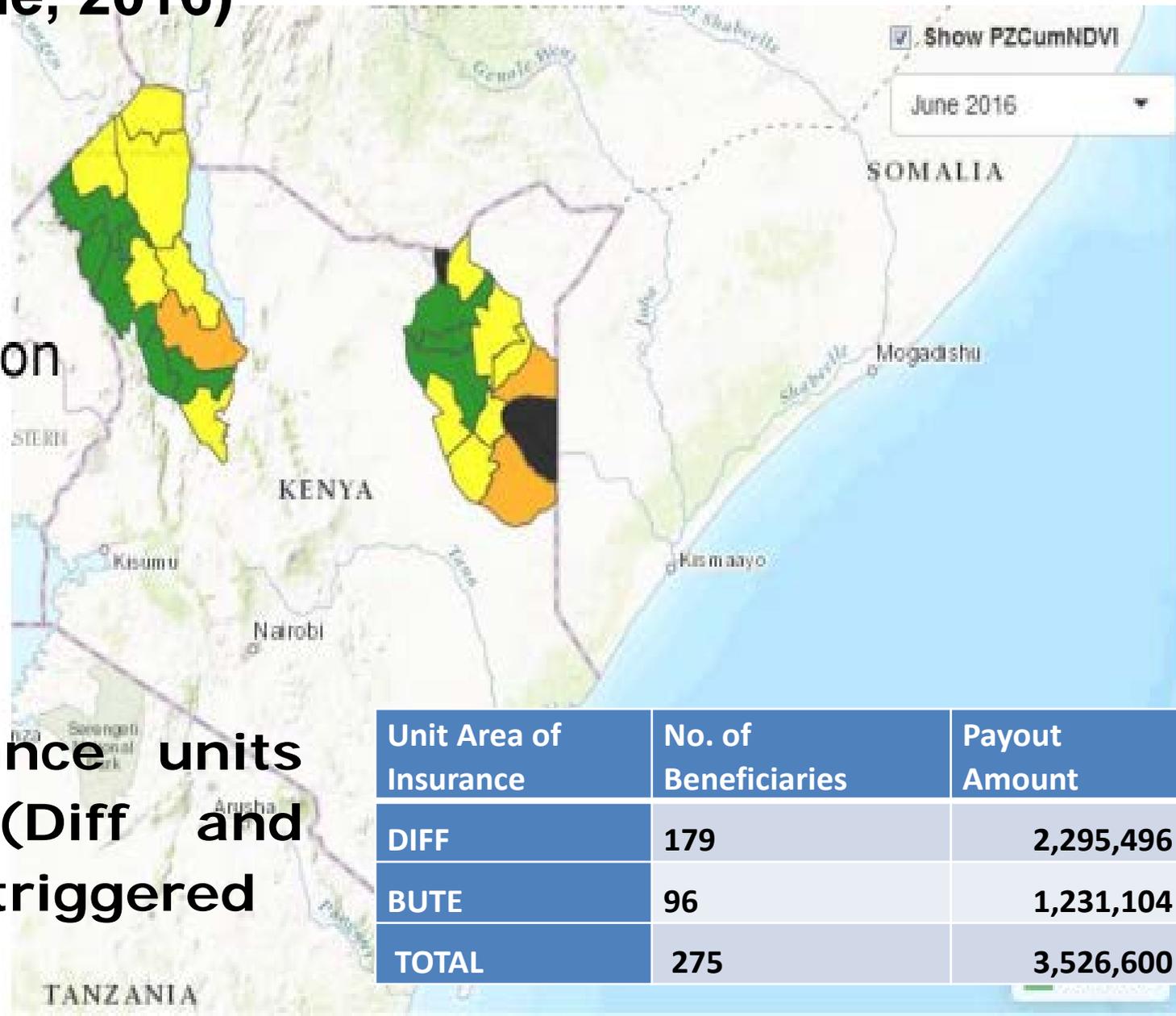


# Satellite Data: December, 2015, NDVI Results



# Long Rains Season cumulative Report: (Mar, April, May and June, 2016)

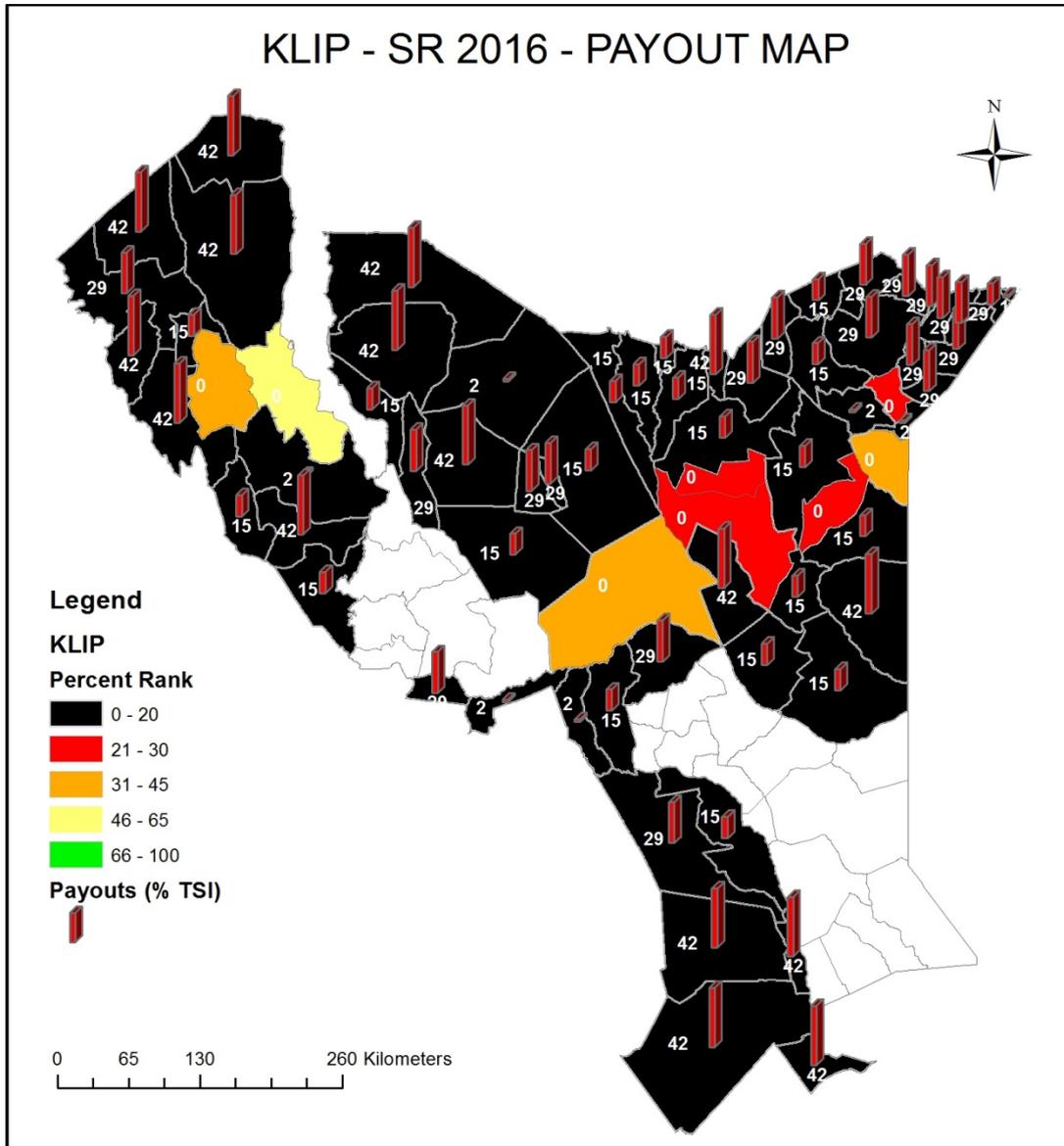
Forage situation  
June 2016



Two insurance units  
in Wajir (Diff and  
Bute) have triggered

Unit Area of Insurance	No. of Beneficiaries	Payout Amount
DIFF	179	2,295,496
BUTE	96	1,231,104
<b>TOTAL</b>	<b>275</b>	<b>3,526,600</b>

# PAYOUT MAP – Short Rains 2016



## SUMMARY PAYOUTS

Units paid	62
Units non-paid	8
Average Payout	25%
Nr. Units - Full Payout	16
Nr. Units - Approx 30%	18
Nr. Units - Approx 15%	21
Nr. Units - Min Payout	7

**Total payouts  
KES 215M**

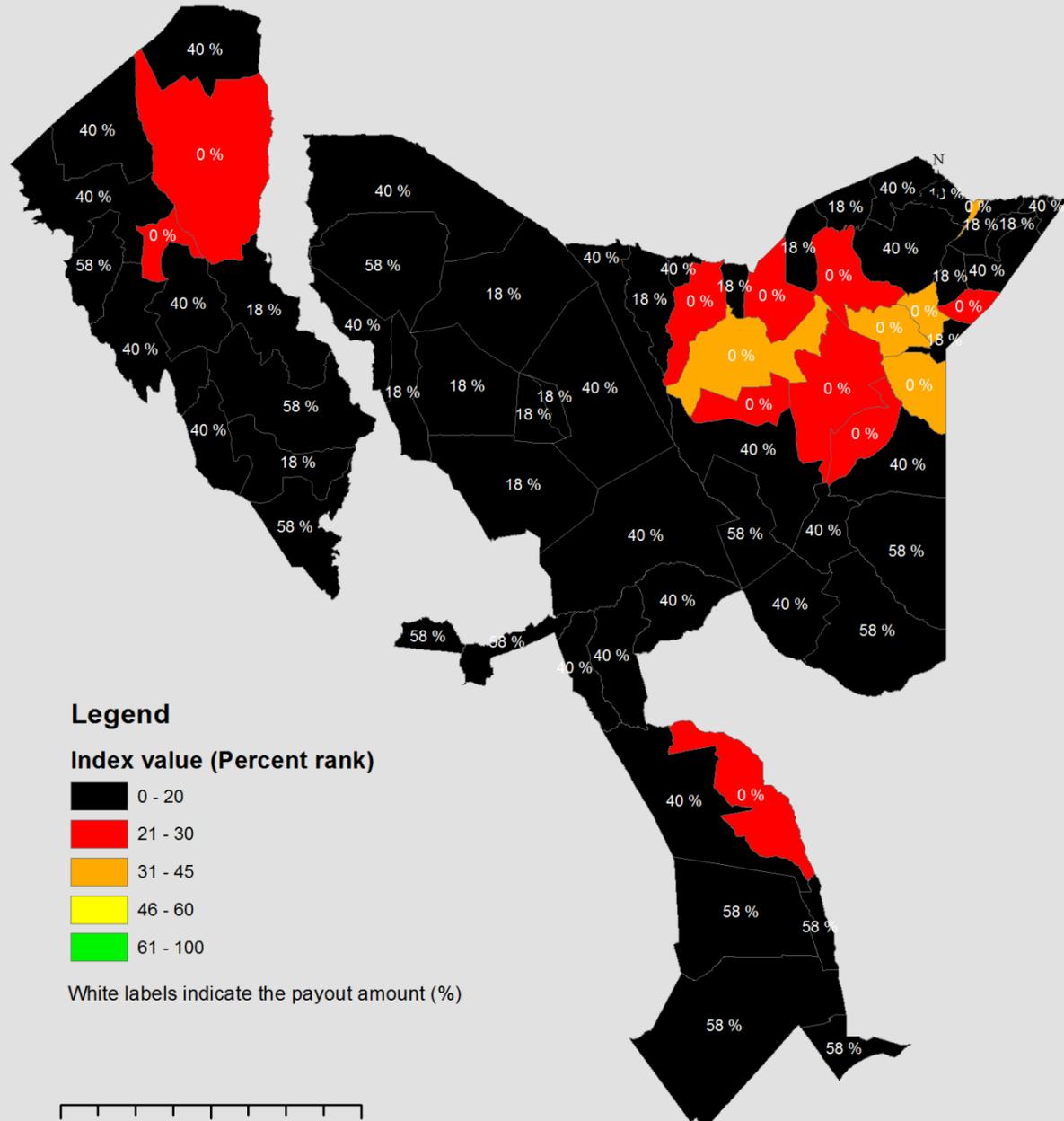
**Beneficiaries receiving  
payouts                   12,000**

**Total Number of  
beneficiaries  
14,000**

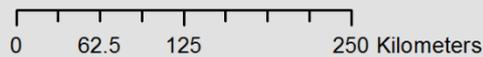


# LONG RAINS 2017 KLIP PAYOUT MAP

<b>Total Sum Insured per beneficiary (KES)</b>	<b>70,000</b>
<b>Allocation sum insured to short rains (LRS)</b>	<b>58%</b>
<b>Maximum Payout/Beneficiary (KES)</b>	<b>40,600</b>
<b>Minimum Payout/Beneficiary (KES)</b>	<b>12,600</b>



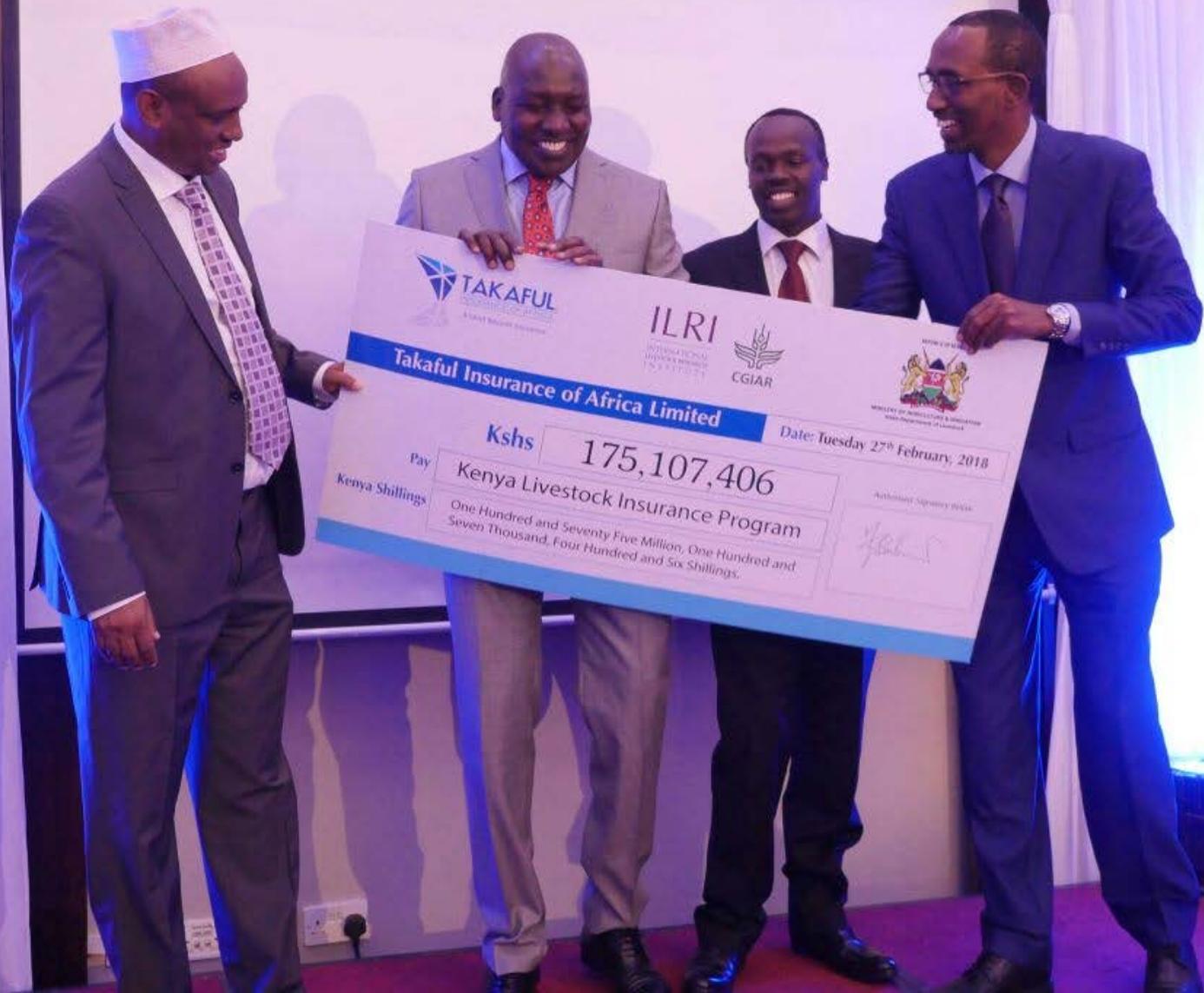
<b>Beneficiaries receiving payouts</b>	<b>12,064</b>
<b>Total amount of payouts</b>	<b>319,191,600</b>
<b>Total Number of beneficiaries</b>	<b>14,010</b>



# Presentation of cheques for KLIP payouts, October 2017







**TAKAFUL**  
Insurance of Africa Limited  
A SAKI Group Company

**ILRI**  
INTERNATIONAL  
LIVESTOCK  
RESEARCH  
INSTITUTE  
CGIAR

REPUBLIC OF KENYA  
MINISTRY OF AGRICULTURE & LIVELIHOODS  
KANSU PROVINCE, KENYA

**Takaful Insurance of Africa Limited**

Date: Tuesday 27<sup>th</sup> February, 2018

Pay **Kshs 175,107,406**

Kenya Shillings

**Kenya Livestock Insurance Program**

One Hundred and Seventy Five Million, One Hundred and Seven Thousand, Four Hundred and Six Shillings.

Authorized Signatory: [Signature]



# KLIP Activities

- Capacity building and awareness creation on index insurance among key stakeholders to enhance investment in insurance and its uptake;
- Entrenching livestock insurance implementation structures at the two levels of Government;
- Establishing a livestock insurance electronic system for managing the beneficiaries data ;
- Streamling Payouts responsibilities.
- Developing local capacities in calculating agent services
- **Sustainability: Development of partial subsidy to purely commercial products.**
- Continuous research for product fitness

# Expected Outcomes and impacts of KLIP implementation

## Contribution to food security and building resilience in pastoral communities through the following:

- Bring 40,000 households into insurance cover in 14 ASAL Counties.
- A total of 200,000 TLUs; worth Kshs. 12 Billion will be protected against adverse effects of droughts
- A reduction in likelihood of distress livestock sales (selling livestock to provide quick income in times of hardship),
- A reduction in likelihood of reducing the number of meals as a coping strategy; and a 33 percent reduction in reliance on food aid.
- Insured households will generate higher milk production and incomes and have better child nutrition than non-insured households.
- Insured herders will most likely reduce their overall herd size, an indication they no longer feel the need to maintain surplus animals as a hedge against drought losses.



# A functional Public private partnership

## Roles of National and County Governments

- Creation of conducive policy and business environment;
- Coordination
- Resource mobilization;
- **Capacity building of stakeholders;**
- Private sector mobilization;
- Development of support infrastructure like sale yards, strategic feed store, ICT systems



## County Governments

- Extension/outreach services;
- Data collection and management;
- Selection of insurance beneficiaries;
- Aligning programs to complement livestock insurance.

## Role of Private Sector/Insurers/Reinsurers

Provision of Insurance cover

- Awareness creation, Marketing, Recruitment of voluntary cover
- Disbursement of payouts.



# Challenges

- Low funding levels
- Low awareness creation and capacity building levels
- Beneficiary data management – recruitment challenges (manual registers)
- High premiums
- Slow payout pathways

# Lessons learnt and way forward

## KLIP insurance products

- To date: Gok Fully subsidized cover
- Going forward: Voluntary insurance services
  - Partial subsidies
  - Fully Voluntary/commercial products
- Development of Livestock insurance  
implementation strategy and Policy