



**A presentation to De-risking strategies to enhance adaptation
finance**

Sharing Kenya Livestock Insurance Program (KLIP) Experience

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STUDY CASE 3 – Kenya livestock insurance

- How has Kenya conceptualized its livestock insurance?
- What are the challenges that we faced in conceptualization and implementation phases?
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- How we are collaborating with partners?

KLIP

KLIP is a drought insurance program whose aim is to cushion pastoralists located in the arid and semi-Arid Land (ASAL) Counties of Kenya against the adverse effects of forage scarcity due to severe drought.

KLIP uses the Index based Livestock Insurance (IBLI) concept

- **A PUBLIC PRIVATE PARTINERSHIP**
- **IMPLEMENTATION BY THE STATE DEPARTMENT OF LIVESTOCK AND COUNTY GOVERNMENTS;**
- **AN INCLUSIVE, SOVEREIGN AND MICRO INSURANCE PRODUCT**
- **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 and intensity of droughts (every 2-3 years);
- 2008 - 2011 PDNA: Total drought losses to Kenyan economy: **KShs. ONE TRILLION and reduction of GDP by 2.8% each year. 72% of this loss is related to livestock;**



KLIP Design

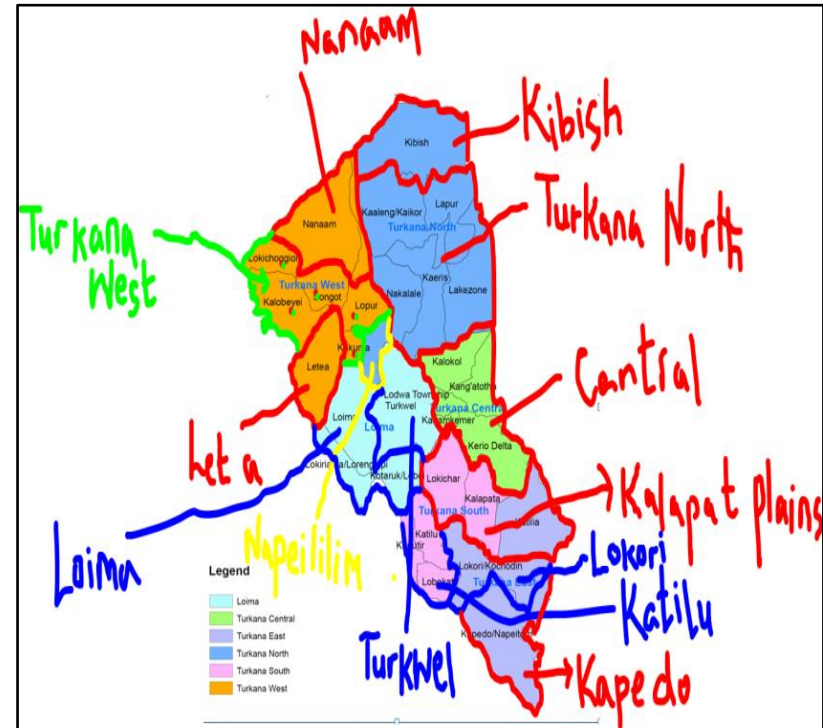
- Designed to use forage availability as determined by satellite data - Normalized Difference Vegetation Index (**NDVI**) to determine whether to pay;
 - **Following the successful piloting of ILRI designed IBLI**
- KLIP program provided 100% premium support **for 5 tropical livestock units (TLU) belonging to vulnerable pastoralists**; Premium per TLU = Ksh. 2,600/=; Sum Insured per TLU – 14,000/=
- 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**.

(ii) Establishing insurance units to support index based livestock insurance

The clustering methodology is a participatory mapping exercise with local stakeholders aimed at discussing and identifying homogeneous areas representative of the grazing experience of a pastoral community. The main 4 elements considered are

1. Rainfall/seasonality patterns.
2. Agro-ecological factors.
3. Grazing/herd migration patterns.
4. Social boundaries and local knowledge.

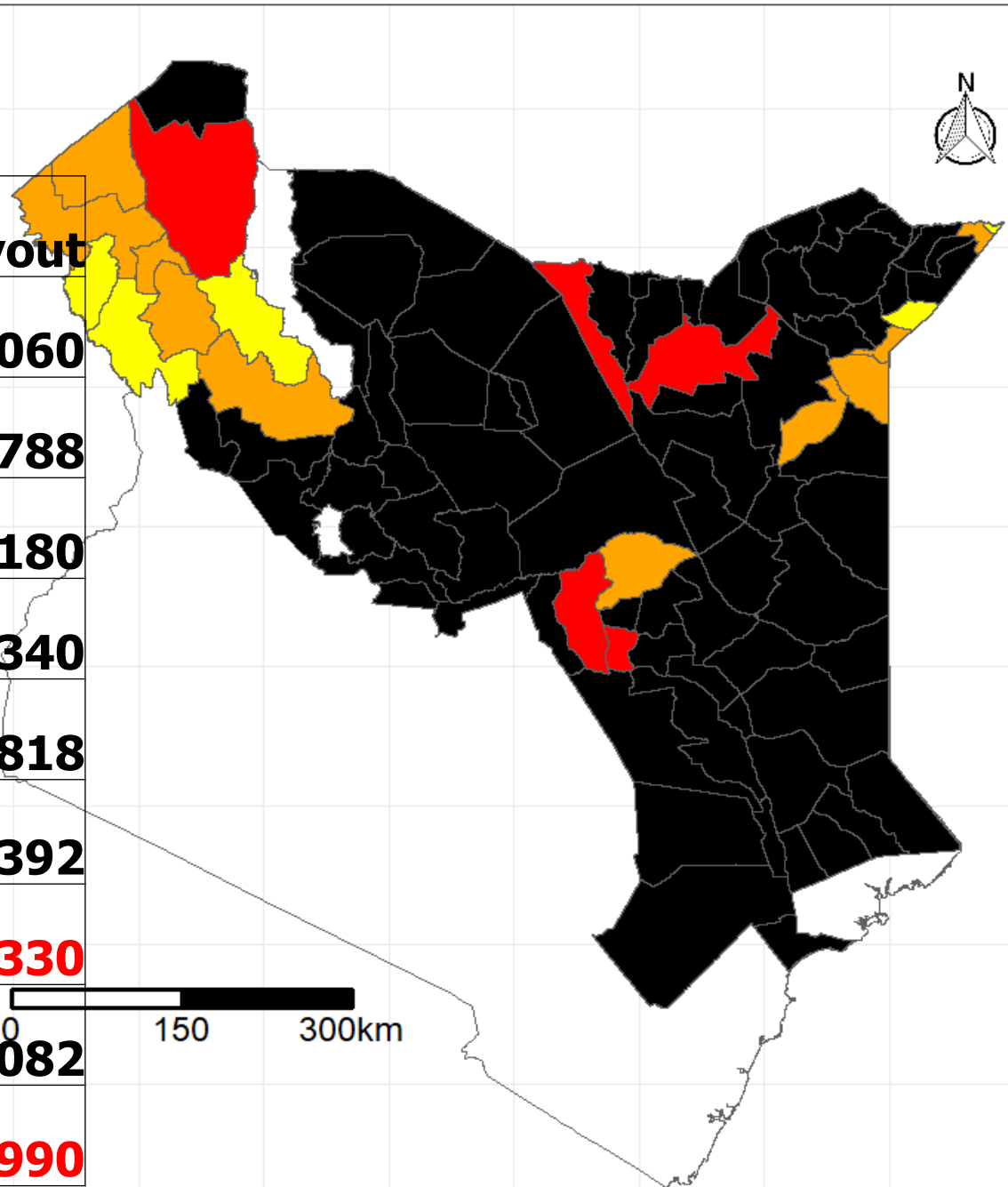
The UAI delineation process involves several phases to prepare the cartographic material, engage with the local communities and verify the final assessment.



Vegetation Condition for Jun 2019

KLIP RESULTS LONG RAINS SEASON 2019

County	Payout
Garissa	48,542,060
Isiolo	26,023,788
Mandera	35,740,180
Marsabit	29,593,340
Samburu	31,303,818
Tana River	76,097,392
Turkana	8,548,330
Wajir	41,809,082
Total	299,657,990





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
- **75% of Kenya is arid and semi arid lands (ASAL)**
- On Average 2000 households covered annually in each county except, Turkana, Wajir, Tana River and Marsabit with 2500 HHs each.
- Cover for 5 TLUs (5 cows equivalent) per Household
- **Premium per TLU = Ksh. 2,600/=; Sum Insured per TLU – 14,000/=**

KLIP Achievements

- **100,000 people** have been covered in six years **by** the scheme.
- **Kshs. 1.2 Billion - Premiums paid by GoK (KLIP) to insurance companies**
- **Kshs. 1.3 Billion - Insurance payouts by insurance companies to KLIP beneficiaries**
- Average Annual Premiums - Kshs. 240 Million
- 90,000 TLUs protected annually valued at Kshs. 4.5Billion.
- Total value for animals protected in five years – Kshs. 23 Billion



Challenges and Lessons Learnt

- Low funding levels
 - Decreasing funding from National Government and Lack of funding from Counties
- Low levels of awareness creation and capacity building
- **Data availability and management challenges**
- **Small number of KLIP beneficiaries**
- Accessibility and affordability challenges - High premiums



Lessons learnt

- A strong appetite for the climate risk insurance by both the industry and the beneficiaries
- Initial slow IBLI commercial product uptake by private sector; followed by increased appetite due to the entry of KLIP aggregation capabilities
- Graduation of beneficiaries (full subsidy-partial subsidy-commercial products)
- Development of complimentary investments – Animal Feeds production, Livestock finishing and markets
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Lessons learnt Conti...

- Graduation of beneficiaries (full subsidy-partial subsidy-commercial products)
- Development of complimentary investments – Animal Feeds production, Livestock finishing and markets
- Encourage Counties/Regions to invest in KLIP
- Encourage aggregation through grassroots' farmer organizations



De-risking, Inclusion and Value Enhancement of Pastoral Economies (**DRIVE**) Project

A world bank supported project – Scaling up KLIP

- **DRIVE builds on the lessons learnt in Kenya Livestock Insurance Program (KLIP)**
- **DRIVE project focus**
 - To protect the pastoral economies against drought risk, increase financial inclusion of pastoralists and better connect them to markets; facilitate livestock trade and upgrade value chains by mobilizing private investment.
 - To facilitate livestock trade across the HOA countries and upgrade livestock value chain by mobilizing private investments
 - **140,000 pastoralists covered (from 2022 to 2024) with Ksh. 1.7 Billion premiums paid in Kenya, protecting 500,000 TLUs (Cow equivalent)**
 - **Total Claims in 4 seasons (2022-2024) – Kshs. 640 Million**
- It is a regional project, implemented under the Horn of Africa Initiative (HOAI- Kenya, Djibouti, Ethiopia, Somalia & Sudan, Eritrea

Thank you for listening to me