



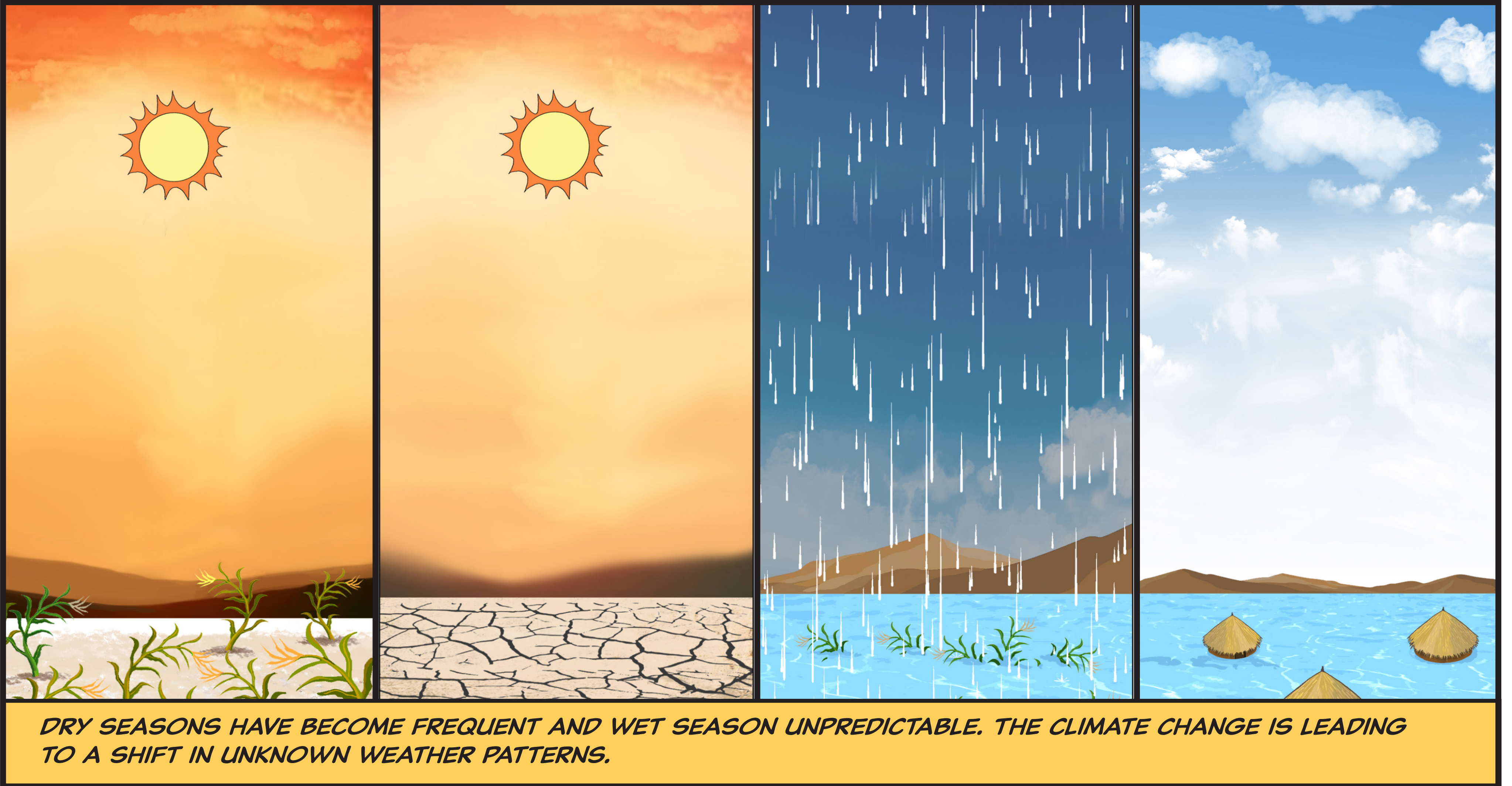
LIVESTOCK INSURANCE (& INCENTIVES TO SAVINGS)

DRIVE PROJECT PICTORIAL MANUAL (KENYA)

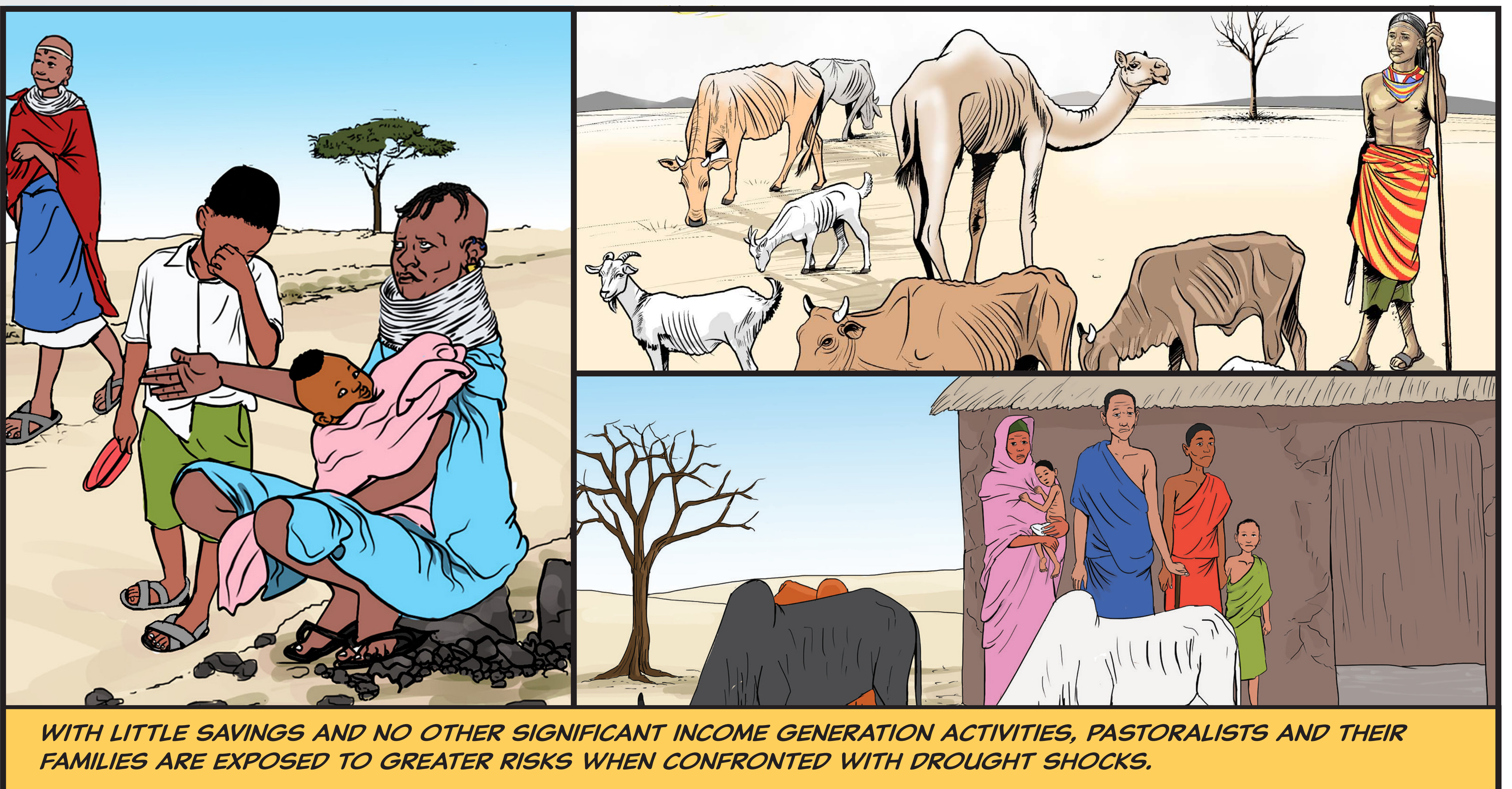


THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

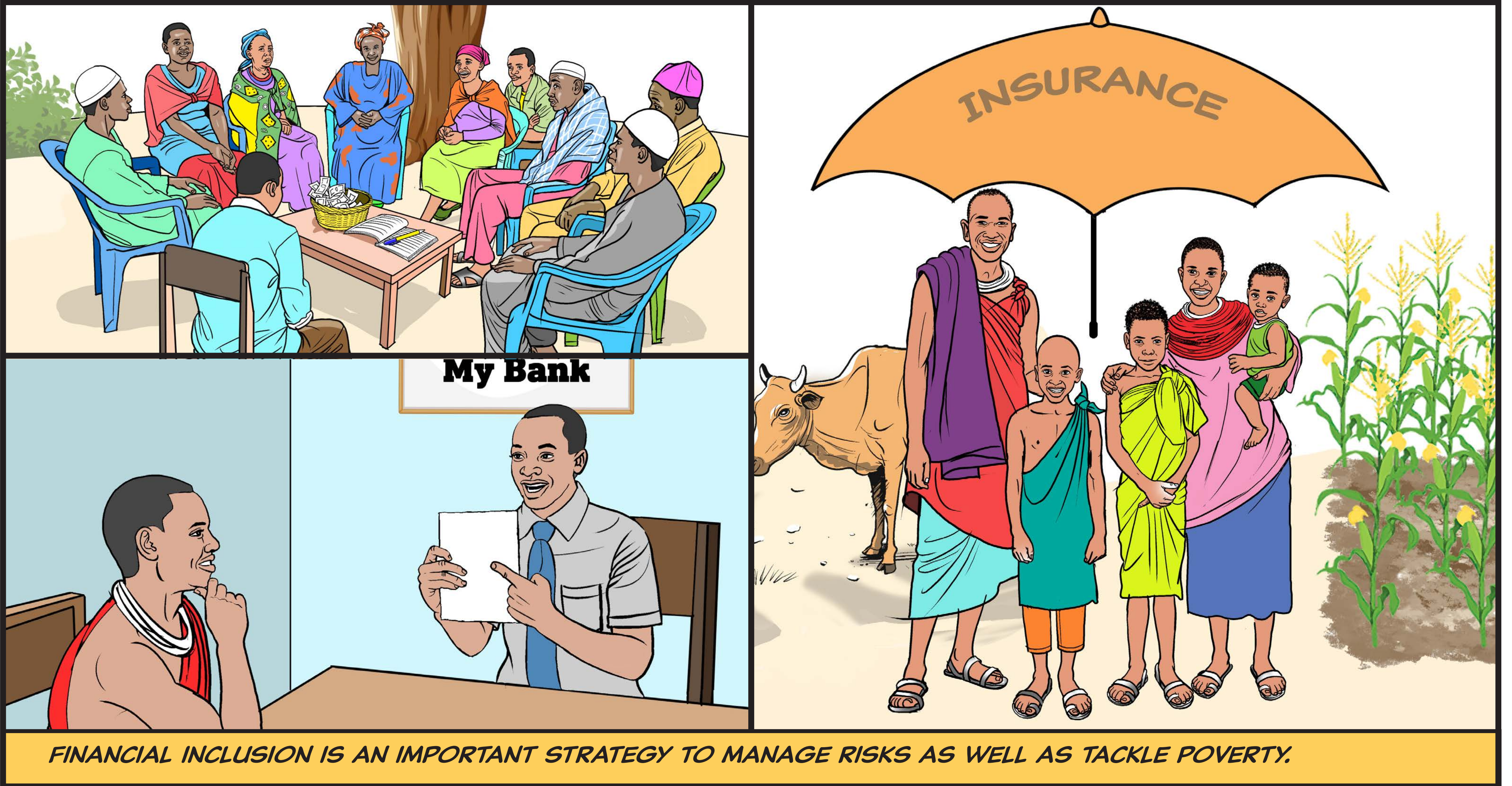
IMPACTS OF CLIMATE CHANGE



EFFECTS OF LONG DROUGHT ON PASTORAL LIVELIHOODS



RISK MANAGEMENT



BENEFITS OF FINANCIAL INCLUSION



DRIVE FINANCIAL PACKAGES

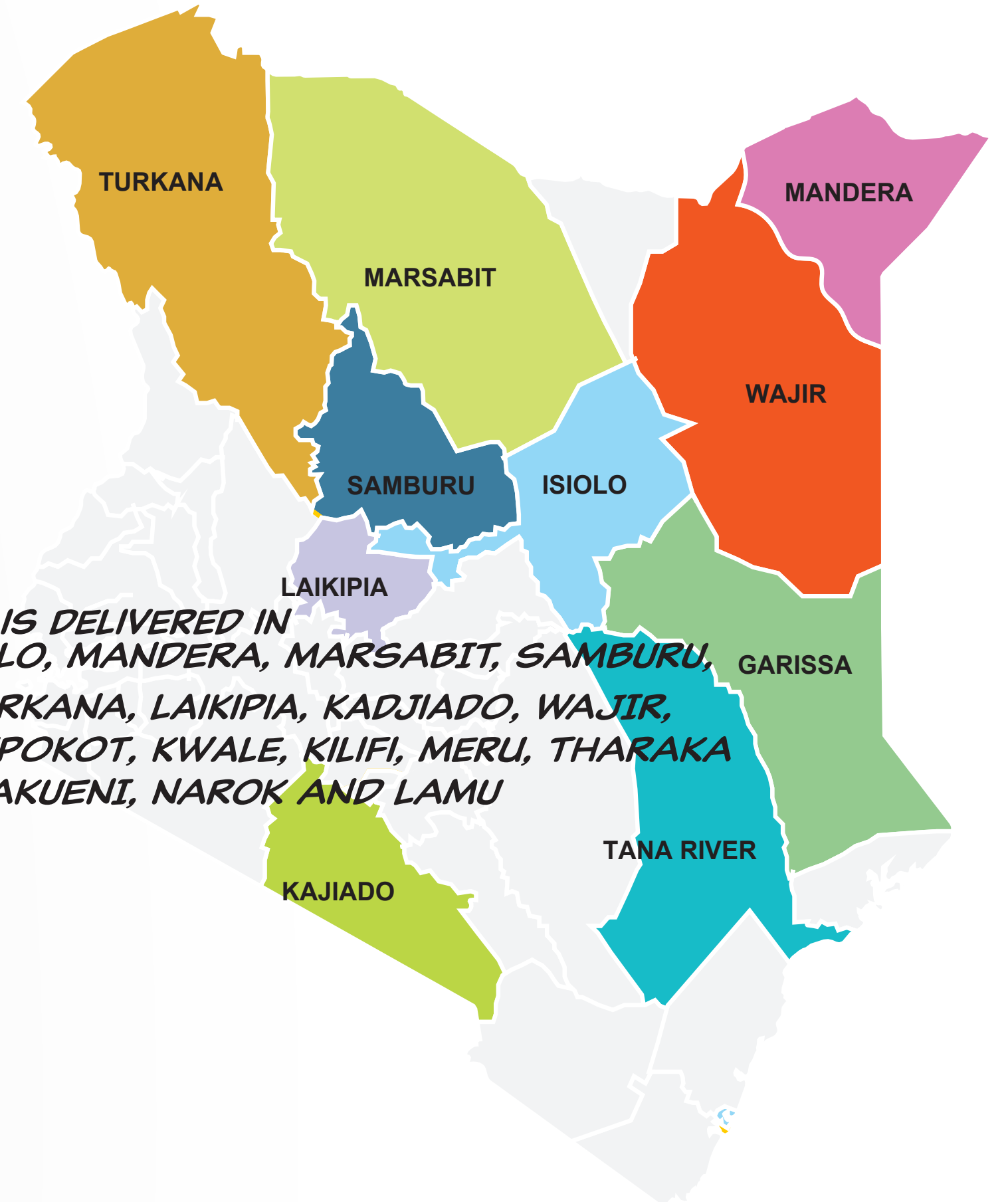
IBLI DRIVE PROJECT AIMS TO DEVELOP FINANCIAL MECHANISMS TO SUPPORT PASTORALISTS' RESILIENCE TO DROUGHT. DRIVE IS PROVIDING ACCESS TO A PACKAGE OF FINANCIAL PRODUCTS AND SERVICES AS WELL AS STRENGTHENING LIVESTOCK TRADE AT THE REGIONAL AND INTERNATIONAL LEVEL.

DRIVE FINANCIAL PACKAGE INCLUDES:

1. 70% IBLI PREMIUM UPTO 30 TLUS ON A PRORATED BASIS
2. A MILD-SHOCK OF KES 7000 UPON PURCHASE OF 3TLUS AND MAKE A SAVINGS OF KSH 3000

TO ACCESS DRIVE FINANCIAL PACKAGES PASTORALISTS MUST:

- OPEN A SAVINGS ACCOUNT WITH ONE OF THE PROJECT'S FINANCIAL SERVICE PROVIDERS
- PAY 30% OF THE COST OF PREMIUMS TO INSURE MINIMUM 3 TLUS OR MAXIMUM 30 TLUS ON PRORATED BASIS



DRIVE IN KENYA IS DELIVERED IN GARISSA, ISIOLO, MANDERA, MARSABIT, SAMBURU, TANA RIVER, TURKANA, LAIKIPIA, KADJIADO, WAJIR, BARINGO, WESTPOKOT, KWALE, KILIFI, MERU, THARAKA NITHI, KITUI, MAKUENI, NAROK AND LAMU



FINANCIAL INCLUSION IS AN IMPORTANT STRATEGY TO MANAGE RISKS AS WELL AS TACKLE POVERTY.

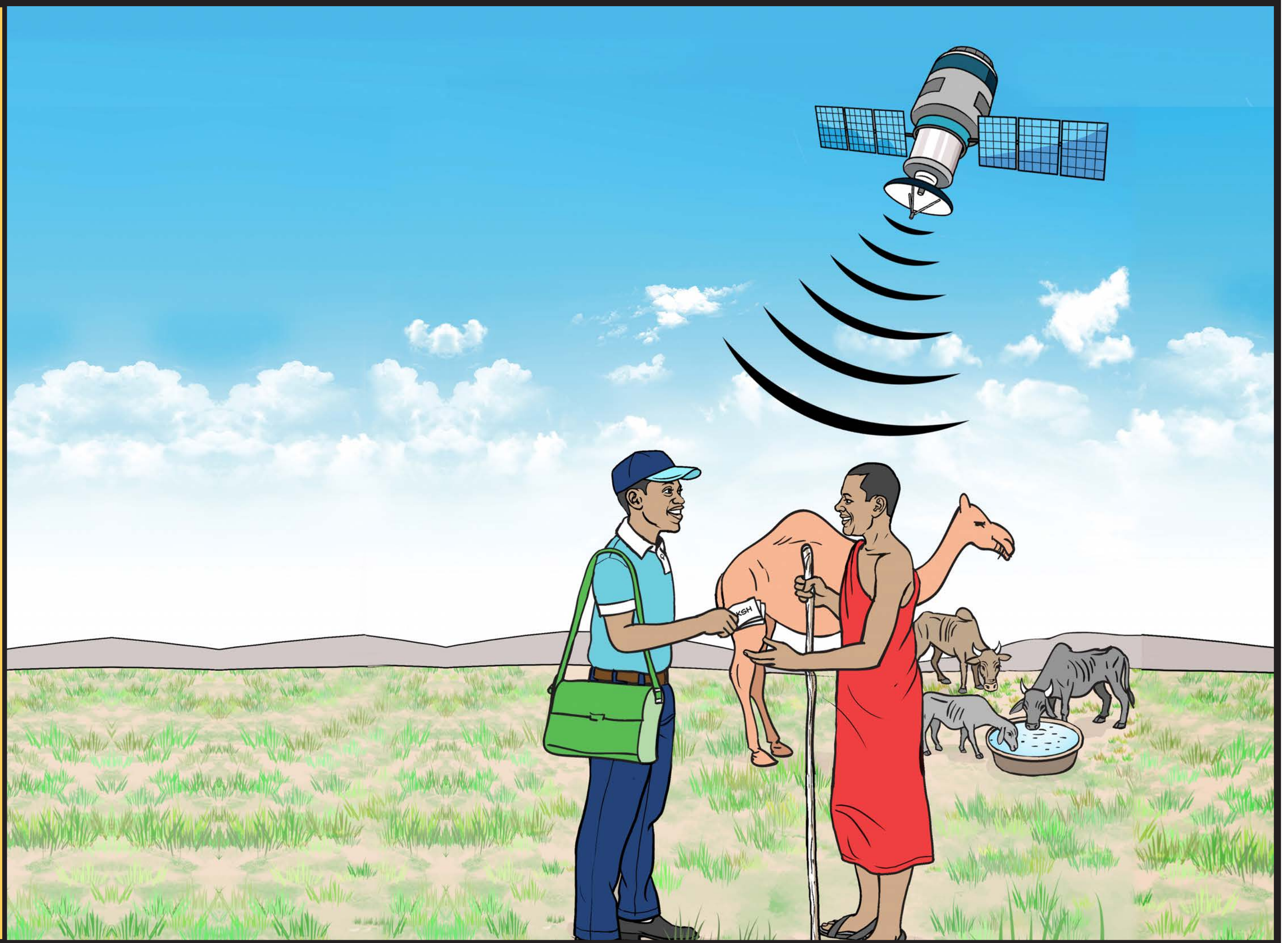
DRIVE VALUE PROPOSITION

<p>JIRANI AGENT</p>	<p>MPESA</p>	
<p>LINKAGE TO FINANCIAL AGENTS</p>	<p>ACCESS TO DIGITAL FINANCE</p>	<p>DRIVE PROJECT IS IMPLEMENT THROUGH COMMON PASTORALIST INTEREST GROUPS</p>
<p>IBLI</p>	<p>BANK</p>	<p>DRIVE VALUE PROPOSITION</p> <ul style="list-style-type: none"> • PRESERVE THE PASTORALIST INVESTMENTS • LESS WORRY ABOUT THE FAMILY AND HERDS WELL BEING IN TIMES OF DROUGHT • IT PROVIDES ECONOMIC STABILITY. • MAINTAIN THE SOCIAL STATUS OF THE PASTORALIST.
<p>ACCESS TO LIVESTOCK INSURANCE</p>	<p>LINKAGE TO FINANCIAL INSTITUTIONS</p>	

INDEX BASED LIVESTOCK INSURANCE (IBLI)

HOW IBLI WORKS.

- (A) IBLI IS A TYPE OF INSURANCE THAT USES SATELLITE TECHNOLOGY TO MONITOR FORAGE AVAILABILITY OVER LARGE GEOGRAPHICAL AREAS.
- (B) USE OF SATELLITE REDUCES NEED TO VISIT EVERY LOCATION TO VERIFY LOSS OF FORAGE.
- (C) THROUGH THIS TECHNOLOGY, PASTORALISTS LIVING FAR APART CAN STILL HAVE ACCESS TO A RISK MANAGEMENT TOOL I.E. IBLI



INDEX BASED LIVESTOCK INSURANCE (IBLI)

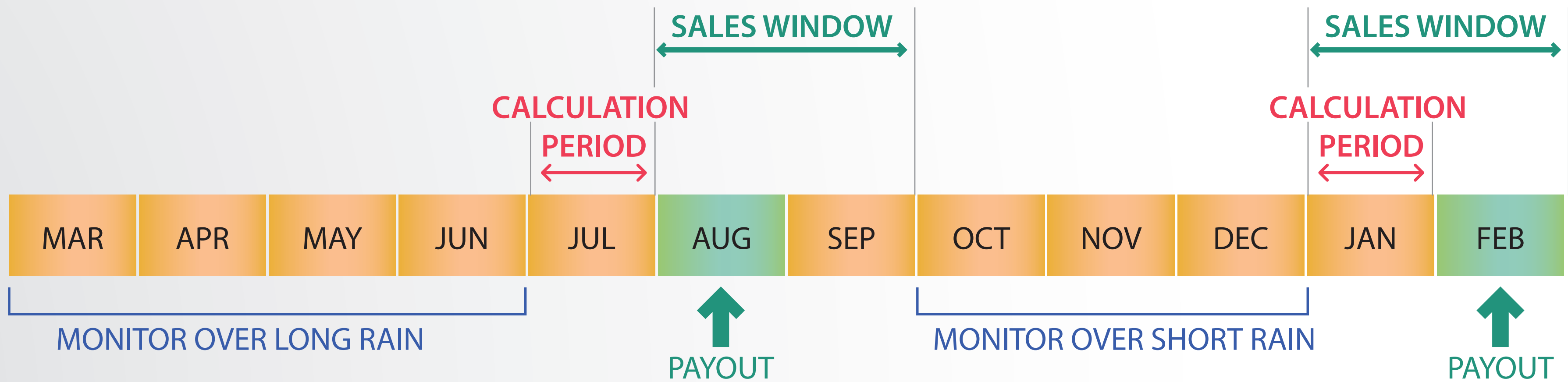
<p>BANDITRY = NO COMPENSATION</p>	<p>DISEASE OUT BREAK = NO COMPENSATION</p>	<p>FORAGE AVAILABLE = NO COMPENSATION</p>
<p>THE RISK COVERED UNDER IBLI IS FORAGE SCARCITY AS A RESULT OF SEVERE DROUGHT. IBLI CUSHIONS PASTORALISTS FOR THE COST OF KEEPING ANIMALS ALIVE DURING THE LEAN SEASONS OF THE YEAR.</p>		

IBLI SEASONAL COVERAGE PERIODS

Potential payout months

Policy holders are qualified for 2 potential payouts. In February after the LONG RAIN/LONG DRY and In AUGUST after the Short rain/Short Dry.

Long Rains Long Dry Season (Total 58%)	Short Rains Short Dry Season (Total 42%)



- Taking readings over the rainy period makes it possible to determine forage availability over the dry season.

- Payouts can be made in time to protect livestock assets.

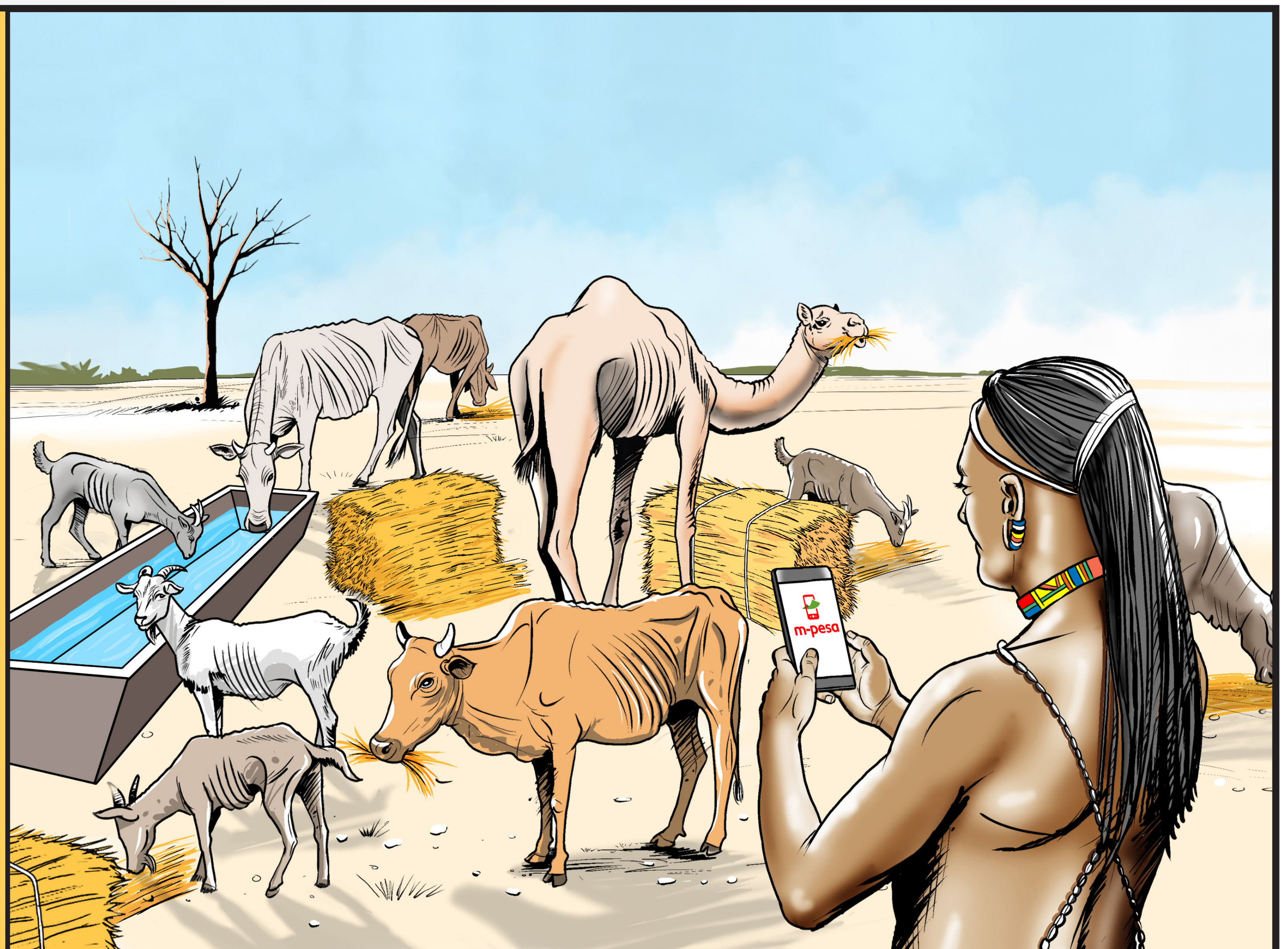
When a payout happens, policy holders will be contacted VIA SMS and through their LOCAL AGENTS and Chiefs.

IBLI COMPENSATION

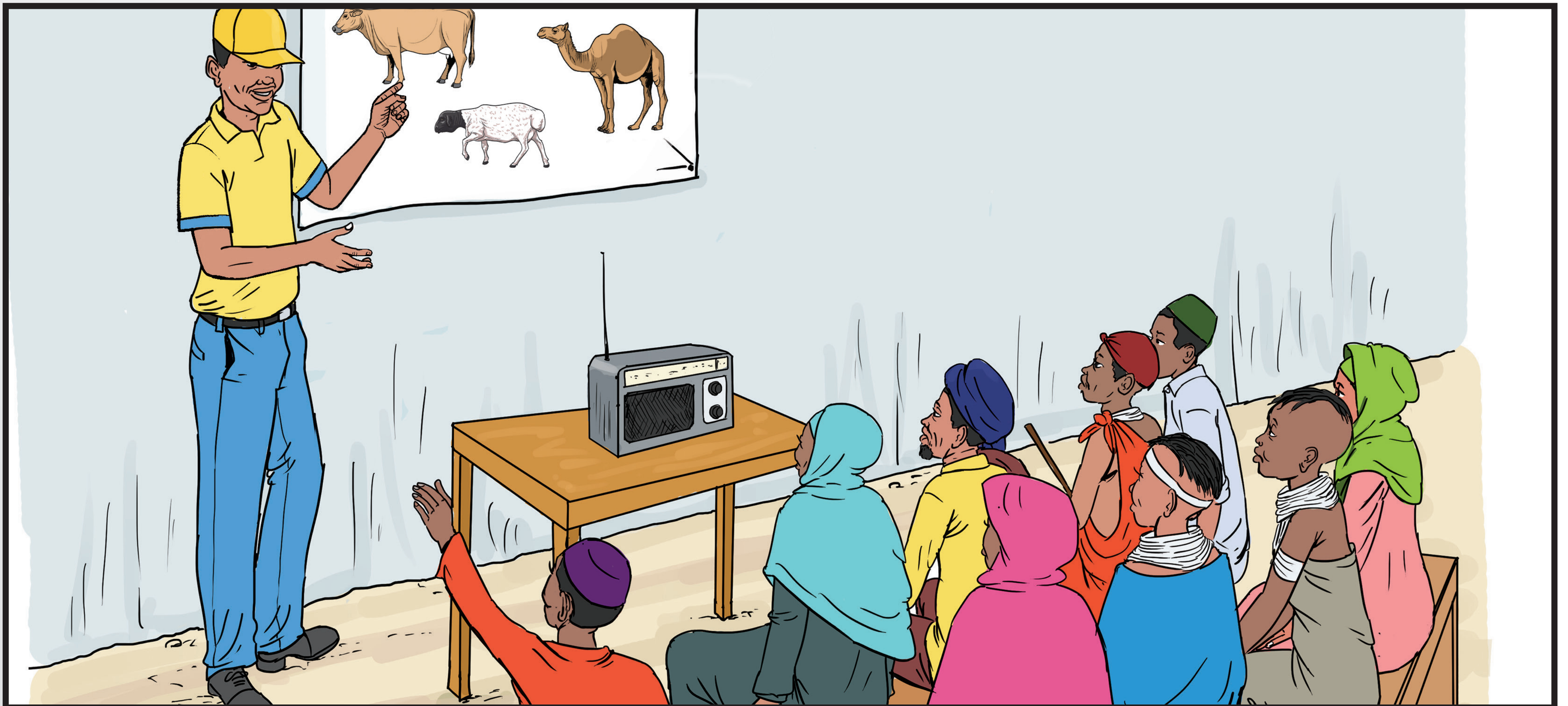
IBLI PAYOUTS ARE BASED ON THE COST OF FEEDING THE ANIMAL DURING LEAN MONTHS OF THE YEAR I.E.
CAMEL = KSH. 24,029/=,
COW = KSH. 16,820/=,
SHOAT = KSH. 1682/=.

IF THE FORAGE LEVELS MEASURED BY THE SATELLITE ARE SHOWN TOO LOW TO KEEP THE LIVESTOCK ALIVE. PASTORALISTS WILL RECEIVE THEIR PAYOUTS THROUGH THEIR BANK ACCOUNTS OR THEIR REGISTERED MOBILE MONEY PLATFORMS.

IBLI COMPENSATION CAN USED TO PURCHASE FODDER, WATER AND VETERINARY DRUGS TO KEEP THE ANIMAL ALIVE DURING DROUGHT.



AWARENESS CREATION AND REGISTRATION



REGISTRATION FOR INSURANCE UNDER THE DRIVE PROJECT SHALL, BE CONDUCTED THROUGH REGISTERED/LEGALLY RECOGNIZED GROUPS (VSLAS) OR SACCOS, ASSOCIATIONS AND COOPERATIVES. ELIGIBLE GROUPS SHALL RECEIVE TRAININGS ON INSURANCE AS WELL AS SAVINGS COMPONENTS FROM QUALIFIED TRAINERS DRAWN FROM THE PARTICIPATING FINANCIAL INSTITUTIONS (FIS) OR FROM INSURANCE COMPANIES.

VALIDITY OF THE CONTRACT



- IBLI COVERAGE IS VALID FOR 1 YEAR
- POLICIES PURCHASED IN AUG/SEPT ARE VALID THROUGH SEPTEMBER OF THE FOLLOWING YEAR.
- POLICIES PURCHASED IN JAN/FEB ARE VALID THROUGH FEBRUARY OF THE FOLLOWING YEAR.




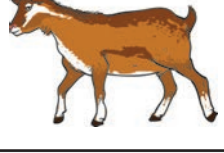
IBLI PREMIUM SUBSIDY



PASTORALISTS WHO WANT TO INSURE THEIR LIVESTOCK MUST PAY AN EQUIVALENT OF 20% OF THE COST (PREMIUM) OF INSURING A MAXIMUM OF 5 TLUS OR A MINIMUM OF 3 TLUS. THE GOK IS PROVIDING AN 80% SUBSIDY TO COVER THE REST OF THE PREMIUM AMOUNT.

IBLI PREMIUMS AND COMPENSATION

ANNUAL COST OF KEEPING ANIMAL ALIVE DURING DROUGHT

TYPE	VALUES
CAMEL 	24,029/=
COW 	16,820/=
SHEEP 	1,682/=
GOAT 	1,682/=

IBLI PREMIUMS ARE CALCULATED AS A PERCENTAGE OF THE COST OF KEEPING THE ANIMAL ALIVE.

THE PREMIUM IS THE PRICE OF INSURING LIVESTOCK

IBLI COMPENSATION

SATELITES IN THE SKY TAKES PICTURES OF THE FORAGE CONDITION ON THE GROUND EVERY 10 DAYS. THE STATUS OF THE DROUGHT IS MARKED BY GREEN, YELLOW, ORANGE, RED AND BLACK.

Green	Good forage availability. Represents above 70th percentile of forage conditions over time. This is above normal and stable forage condition
Yellow	Forage condition falls between 50th to 70th percentiles. The forage situation is around or slightly above normal.
Orange	Forage condition is between 35th and 50th percentile. The division in question is under considerable stress and below long term average but conditions are not yet serious.
Red	Forage condition is between 25th – 35th percentiles. Drought situation is serious but not yet classified as severe. Indemnity payout will not be triggered.
Black	Severe drought condition. Forage condition represents worst below 20th percentile and below. Indemnity payout will be triggered if conditions persist throughout the season up to the potential payout period

COMPENSATION UNDER IBLI IS ONLY DONE WHEN THE FORAGE CONDITION IS INDICATED AS BLACK

***DRIVE PROJECT IMPLEMENTATION
[ZEP-RE (PTA REINSURANCE COMPANY) ON BEHALF OF THE KENYA GOVERNMENT]***

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