

# THE STANDARD

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## Insurance cover pledge for pastoralist groups

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By Ali Abdi

Pastoralists can now heave a sigh of relief following a study towards introducing an insurance cover.

The International Livestock Research Institute (Ilri) has embarked on a pilot project to start an insurance policy for livestock keepers.

Dubbed index-based livestock insurance, Ilri started the study in Marsabit that will explore ways in which insurance companies would extend services for the first time to livestock keepers, especially in northern Kenya.

Index-based insurance, say Ilri officials Mr Andrew Mude and Ms Harriet Mutsaers, offers policy holders a pay out based on an indicator that triggers a payment to the client.

"This study aims to generate useful insights that could improve the design of relevant index insurance products and improve how they are targeted to the various needs of the expected clientele," they said in a joint paper.

Mude, an economist and Mutsaers, an innovations system analyst with Ilri said if a client insures against livestock mortality, indicators such as rainfall and forage availability would be the gauges.

They were speaking in Marsabit town during a stakeholders workshop organised by Food for the Hungry Kenya, where possibility of insurance and loans to livestock keepers topped the agenda.

Other stakeholders included Kenya Livestock Marketing Council, insurance companies, banks such as Equity and K-Rep and livestock farmers from Saku, Laisamis and North Horr.

At the moment, insurance companies cannot extend their services to the pastoralists because the insurer is unable to monitor the activities and verify the claims.

However, ILRI says this will not be the case with their idea of index-based livestock insurance as "it will be cost effective as the monitoring costs are substantially reduced".

The major political parties, PNU, ODM and ODM-K in their manifestoes last year pledged to introduce livestock insurance policies for the pastoralists in the region. Ilri came up with the study last year.

KLMC Marketing Manager, Mr Khalich Wario, asked the three parties to keep their pledges for insurance cover.

The organisation will liaise with the Kenya Agricultural Research Institute (KARI), Arid Lands Resource Management and the Meteorological Department for the necessary data to conduct the study.

From the study in Marsabit that will later be extended to Garissa and Turkana, Ilri will conduct survey at household levels, individual farmers, NGOs and leaders, among other stakeholders, to go about the new form of insurance.

Meanwhile, Equity Bank has entered into a Memorandum of Understanding with the Kenya Meat Commission (KMC) with a view to give livestock farmers loans.

Individuals and groups supplying the Athi River-based abattoir with livestock will benefit from loans from the bank once the process is completed.

The bank's Isiolo branch marketing manager, Mr Ali Godana, said the development of loaning livestock farmers was now at an advanced stage. Beneficiaries will get 80 per cent of the loan and expected to top up the remaining 20 per cent.

"Through an MoU with KMC, livestock farmers in Kenya will be able to get loans from the bank. We want pastoralists to benefit from our programme like others engaged in other sectors," said Godana.

Wario asked banks to relax stringent rules to give livestock keepers access to loans.

"In line with the Government policy to insure and give loans to the pastoralists, it is high time insurance companies and commercial banks extend their services to livestock traders," said Gufu.

He asked the pastoralists to form co-operative societies in order to attract loans from other banks, adding that it would be difficult to qualify for such services from other banks without security.

Those eligible for the loan, said Godana, must be account holders with the bank and contracted to supply animals to KMC. A delivery receipt from the abattoir will be the required collateral.

Through the MoU, KMC will pay the dues due to the farmer by cheque through the bank where it will then deduct the loan that attracts interest of one per cent a month.