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Federal Department of Foreign Affairs FDFA
Swiss Agency for Development and Cooperation SDC
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Knowledge transfer workshop on Cash-based approaches in Mongolia Ulaanbaatar, November 06-07 / 2007



Introductory thoughts on Index-based micro insurance



Definition

n Livestock insurance

§ Compensation for loss on livestock to herders in case of disaster

n index-based Livestock insurance

§ Compensation to herders based on mortality rated against a base line in a defined geographical region

+ Incentives for herders with good herd management



Experience

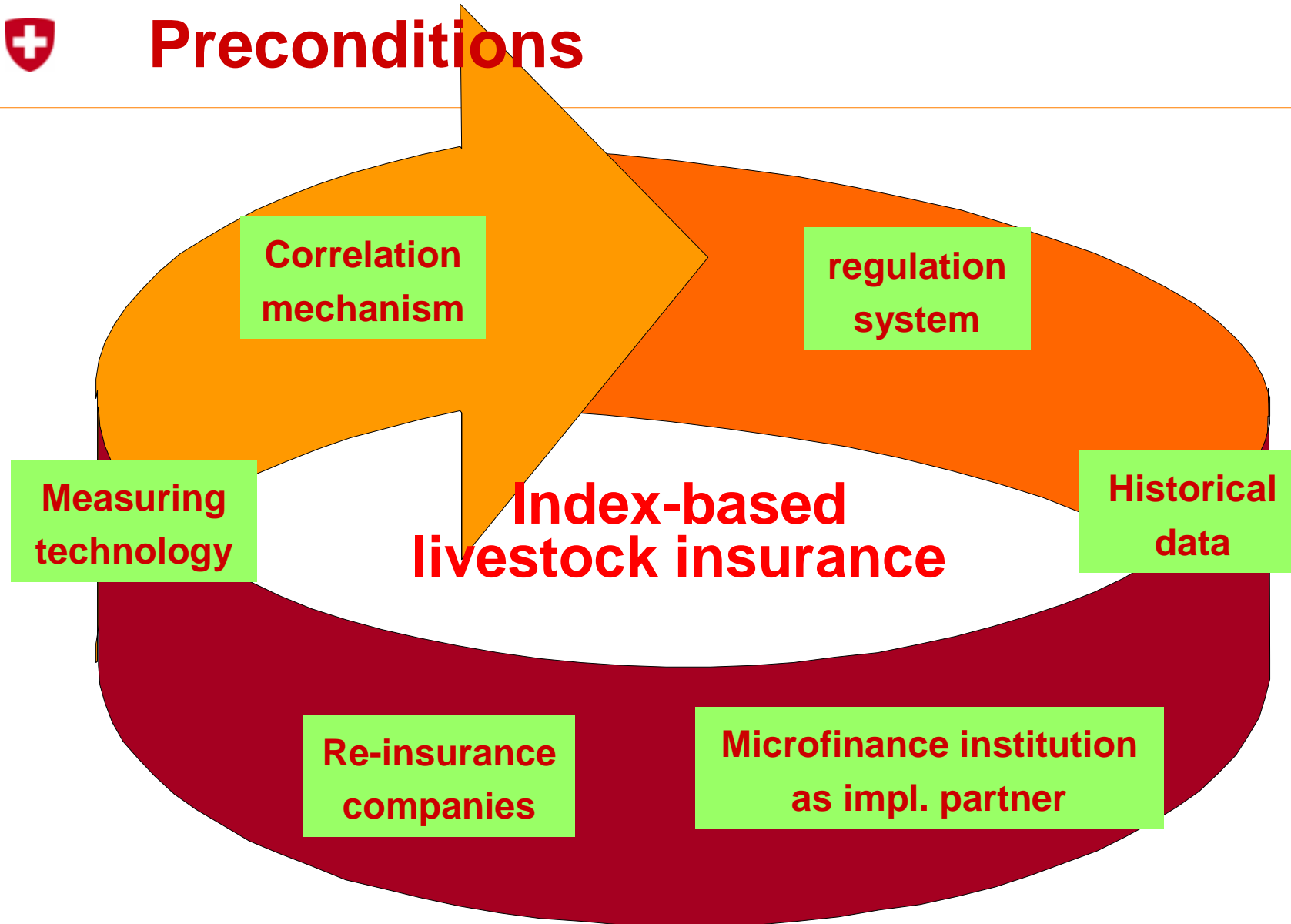
$$\text{risk} = \frac{\text{"Dzud"} \text{ hazard} \times \text{livestock dependency} \text{ vulnerability}}{\text{coping capacities} \text{ pasture \& herds management}}$$

Cash for Herders approach by SDC

- + recovery form shock
- + individual coping strategies
- vulnerability unchanged



Preconditions



Source: Microinsurance, Nr.10, June 2006