



De-risking, Inclusion, and Value Enhancement Of Pastoral Economies In The Horn Of Africa (DRIVE)

Integrating a Gender Equality Lens



Acknowledgments¹

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Summary

The DRIVE project (P176517) aims to enhance pastoralists' access to financial services for drought risk mitigation, include them into value chains, and facilitate livestock trade in the Horn of Africa (HoA). The project currently spans four countries—Djibouti, Ethiopia, Kenya, and Somalia—and it presents an innovative approach to address the impact of climate change as well as to increase the resilience of pastoralists and improve their access to markets to enhance the livestock value chain.

DRIVE uses a regional implementation approach to protect pastoralists against drought by providing a package of financial services that helps them mitigate financial shock events. The project further mobilizes private investment in pastoral value chains and facilitates regional livestock trade to ensure pastoralists get more value for their livestock-rearing activities (see Figure 1 for an overview of project goals.)



See this short overview [video](#).

The project consists of two components:



Component 1: Financial Services for Climate Resilience

This component provides an integrated package of financial services to build the climate resilience of pastoralists. Currently, shock-vulnerable pastoralists who have limited financial awareness and limited access to instruments engage in only a very limited way with formal financial services and at levels that are insufficient to manage major drought shocks without external support. DRIVE supports the delivery of a package of financial services tailored to pastoralists and their financial vulnerability to climate-related shock events. The package consists of (a) formal saving incentives, (b) drought livestock index insurance,² (c) digital bank accounts, and (d) financial education and awareness creation. The design and implementation of these activities are tailored in consideration with women-specific financial needs,³ thereby addressing the existing financial inclusion gender gap in the HoA.

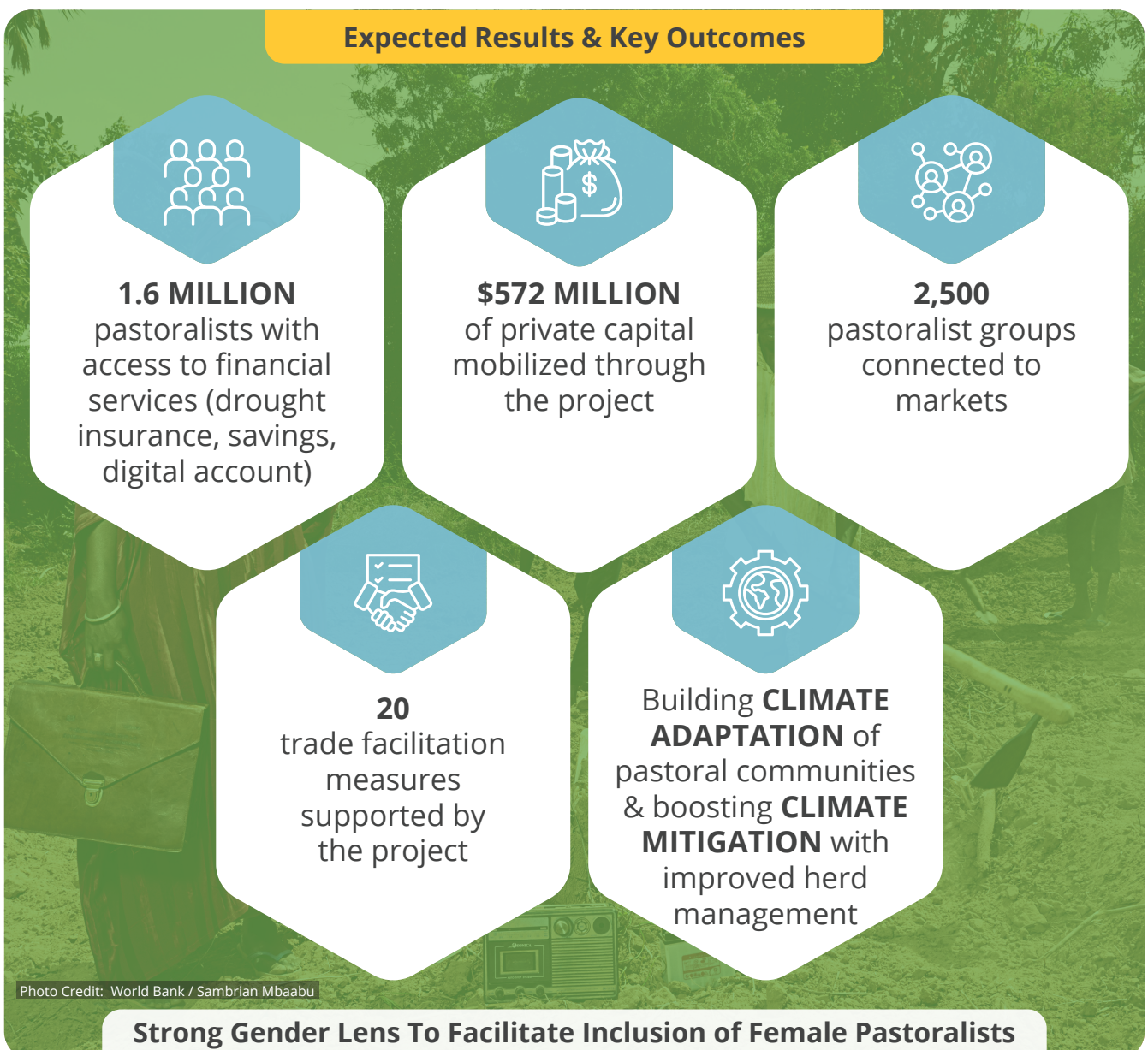
¹The production of this note was financed by the Global Shield Financing Facility. For more information about the Facility, [please see](#)



Component 2 : Livestock Value Chains and Trade Facilitation

This component strengthens pastoralists’ access to markets and enhances livestock value chains. Component 2 supports private investment in livestock value chains for pastoralists to benefit from better linkages to reliable markets and to extract greater value addition from their livestock-rearing activities. This goal is pursued through a facility to de-risk private investment in livestock value chains and support local production capacities. This financial de-risking support consists of two windows. The first one provides significant investments with demonstration effects (those that can be replicated and scaled-up). The second one focuses on women and youth business enterprises in pastoral areas to support diversification of livelihoods and to promote gender equality.

Figure 1: Goals for the DRIVE Project



Integrating a Gender Equality Lens: The “How”

Step 1: Analysis:

Women are highly engaged in pastoral economies, as laborers, consumers, and producers, in both the market and their own households. Despite the important role of women in rural economies, few services and solutions address their needs and ambitions. Globally, only around 7 percent of extension resources target women, and just 14 percent of donor resources target smallholder women farmers — significantly less than their share of the market. Women tend to be more vulnerable to climate change for a variety of reasons, including their lower levels of financial inclusion and lower access to information and technology. These reasons further underline the importance of improving the resilience of women’s livelihoods. Because of gendered social norms, women also tend to have less mobility, fewer rights, and less access to resources than men do and have less access to social capital and productive resources. Thus, women have less capacity to adapt and diversify their livelihoods. As a result, access to markets and financial services alone is not enough; rural women must also obtain equitable returns from labor and markets. Financial service providers have opportunities to add value to rural women’s lives and livelihoods.

Many pastoralists participate in Village Savings and Lending Associations (VSLAs) to mobilize their savings and use safe boxes. However, the pastoralists have restricted access to credit from formal financial institutions due to a lack of collateral, commercial business, and identification, and difficulty by financial institutions to follow potential loan defaulters. These issues are typically exacerbated for women. Poorly timed sales and exposure to drought also limit creditworthiness. Pastoral land is communal and cannot be held as collateral. Pastoralists surveyed in Kenya in 2021 indicated that only 17 percent of men and 6 percent of women respondents borrow. The Kenya surveys also show that while the limited physical presence of formal financial institutions is an impediment to saving in pastoral regions, about 40 percent of pastoralists own a mobile phone and 44 percent of women-headed households save through mobile money.

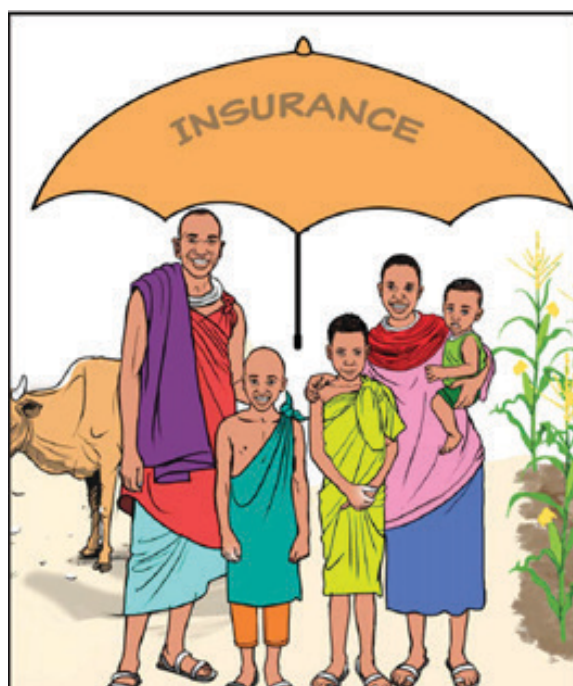
The project’s initial design phase drew on both existing pilot programs and research. One study found that pastoral women often participate in informal risk-sharing and savings groups that center around productive activities, jointly saving for purchasing lumpy assets or managing idiosyncratic shocks⁴. However, participants and nongovernmental organizations note that many of these groups fall apart during drought periods. Further, drought index insurance, using satellite data and mobile accounts, has been successfully piloted in Ethiopia and Kenya to provide quick payouts.

Consulting a relevant CGAP [report](#)⁵, country poverty assessments, household surveys, and datasets such as Findex can provide valuable information for designing projects such as DRIVE. During project preparation, the project team also produced a number of program-specific reports, such as a pastoralist survey and several feasibility studies⁶. The pastoral survey, for example, identified the socioeconomic or cultural background of women purchasing drought insurance, their motivation, and factors that could have made them purchase the product. Using these findings, the team developed the product's design, marketing activities, and awareness campaign. The survey and country-specific studies provide a wealth of information that would likely be useful for other project teams to consult. In addition, extensive consultations were held with women's groups, national and international civil society organizations, and donors.

Research during the project's design stage revealed a gender gap in women's access to financial services in the HoA, as well as a gap in involvement in the livestock trade and value chain. The overall gender gap across three project countries (Ethiopia, Kenya, and Somalia) in terms of access to bank accounts is 12 percent (simple average). The project team decided to focus on increasing female pastoralists' financial inclusion as part of Component 1 while also including activities to enhance women's access to markets along the value chain under Component 2.

Step 2: Design: Linking Analyses to Project Actions

Aiming to increase female financial inclusion among herders, the project focuses on narrowing the gender gap in bank account ownership, thus decreasing the difference in the percentage of women who have a bank account compared with the percentage of men who have one. The project facilitates the opening of savings accounts in formal financial institutions, taking into account the differentiated needs of women savers,⁷ so that pastoralists can save. The project aims to reduce the gender gap in account ownership by at least a quarter in all countries. It will do so by supporting marketing strategies for financial products (through a "village champion" model, drawing on community leaders and other women) and a financial education and outreach program tailored to women's groups. The programs will take women's differentiated needs into



account by, for example, supplementing written materials with graphics such as the one depicted to the right to overcome literacy-related obstacles and by delivering information via radio or comic strips. On-the-ground research also revealed that in marketing, language matters—for example, the term “family insurance” resonated far more with women than the name “livestock insurance” to identify the product. The women’s reaction to the alternative name is perfectly rational reaction since, ultimately, the product is used to protect families from making negative coping decisions in times of drought



Both male and female pastoralists are incentivized to save in a savings account rather than in cash, with the project providing a bonus payment proportional to the amount saved by the pastoralists in their formal bank accounts. These savings accounts allow pastoralists to deposit money, keep it safe, and withdraw funds, all while earning interest. Savings can be used for risk reduction or financial protection, commitment savings could be used for investments and precautionary savings for financial resilience. Savings will be constituted around a specific purpose, taking into account differentiated gender needs. For example, for women, evidence shows that savings linked to household expenditure resonates highly.

To further facilitate financial inclusion, gender-sensitive financial literacy training is provided to pastoralists. Experience from existing drought insurance programs shows that capacity building for pastoralists and financial service providers is critical to ensure that products meet the needs of the beneficiaries, including women, and to develop trust. The project delivers awareness creation activities for both pastoralists and financial service providers; products are designed to be easily understood and to ensure the inclusion of women. Social norms-related adjustments are made by, for example, training men and women separately. Digital devices are used where possible to deliver financial literacy programs.

To increase pastoral producers' access to markets, the project supports mobilizing private investment in livestock value chains via de-risking mechanisms. From a gender perspective, female-run businesses in these value chains receive targeted support to enhance their market access through, for example, provision of information on production standards to meet buyers' needs.

Step 3: Monitoring and Evaluation: Include Sex-Disaggregated Indicators to Help Track Impacts on Both Women and Men

The project includes two sets of sex-disaggregated indicators to track women's increasing financial inclusion as a result of gender-focused project activities:



Awareness and education

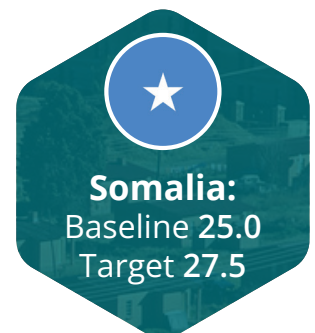
The percentage of female-headed pastoralist households that received information to understand financial products developed under the project: baseline 0; target 80.

This indicator will verify, through surveys, if female-headed pastoralist households received capacity-building assistance to understand the financial products offered. The goal is to have no gender gap between men and women. Information will be collected every 18 months through pastoralist surveys.



Account ownership

Percentage of women supported under the project who own a bank account. This measure is to be tracked separately by country, as follows:⁸



Information will be collected equally through surveys.

Additional gender-specific indicators to be tracked outside of formal project documentation include the number and amounts of value-chain investments benefiting women-owned businesses or women's groups such as co-ops. Both mid- and end-term evaluations are planned for the project.

The team also plans to carry out an impact evaluation that will include analysis of design aspects and encouragement for take-up that focus specifically on groups of women.

Result Snapshot

Since project approval in June 2022, 158,806 insurance policies have been issued and 57 percent of the holders are women. The women involved in the project all now have insurance, as well as savings and digital accounts:⁹

Table 1: DRIVE Program Results in Three Target Countries

	Ethiopia	Kenya	Somalia	TOTAL
Number of policies sold (in first three seasons, estimated)	82,794	103,480	104,728	291,002
Number of pastoralists and their dependents covered (in first three seasons, estimated)	529,882	662,272	670,259	1,862,413
Percentage of female policyholders (data from first two seasons)	51%	56%	64%	57% (average)

Source: Project Team

Note: Data as of November 2023.

Achievement has varied across the three countries. The project is not able to attribute implementation of certain strategies (such as gender-sensitive capacity building efforts and female community mobilizers) to differences in take-up at the country level. The project is investing in impact evaluation and research to better understand the results, and there will be some initial information available in 2024.

Knowledge Nuggets



A gender specialist has been part of the project team starting at the initial design stage.



The team drew on existing studies identified by the gender specialist.



The project is not “all about women,” but gender issues have been considered throughout and form part of the project fabric.



Photo: World Bank / Sambrian Mbaabu

Notes

²Index insurance is an innovative approach to insurance provision that pays out benefits based on a predetermined index (such as rainfall level) for loss of assets and investments, primarily working capital, resulting from weather and catastrophic events. Because index insurance does not usually require the traditional services of insurance claims assessors, it allows for the claims settlement processes to be quicker and more objective.

³Globally, women have lower levels of financial inclusion—they make up 55 percent of the world’s unbanked adults (according to the World Bank’s Global Findex database, 2021), meaning they have no access to financial services such as bank accounts or insurance, both of which can be important tools to build financial resilience and provide relief from disaster impacts. Women also typically have lower levels of financial literacy, face barriers in access to credit, and may lack market information because of restrictive social norms, limited mobility, or discriminatory laws. Pastoralist surveys undertaken in Kenya in 2021 show that only 6 percent of women reported borrowing and that the overall gender gap across Ethiopia, Kenya, and Somalia in terms of access to bank accounts is 12 percent (simple average).

⁴Elizabeth R. Bageant and Christopher B. Barrett, “Are There Gender Differences in Demand for Index-Based Livestock Insurance?” *Journal of Development Studies* 53, no. 6 (2017): 932–52, <https://zep-re.com/drive-project/drive-reports/>.

⁵Jamie Anderson, Gerhard Coetzee, and Max Mattern, “Financial Solutions for Women in Rural and Agricultural Livelihoods” (CGAP, Washington, DC, 2021).

⁶The reports can be found here: ZEP-RE, PTA Reinsurance Company, “Drive Reports, <https://zep-re.com/drive-project/drive-reports/>.

⁷Such as, for example, the need to increase women’s financial literacy, knowledge, and awareness of financial products and services; the need to increase women’s confidence and self-esteem to create a willingness to engage with financial institutions; the need to calibrate marketing campaigns to target women; and the need to circumnavigate women’s lower levels of literacy, to overcome restrictive social norms, and other issues.

⁸Excluding Djibouti due to the different nature of the insurance mechanism provided in the country (sovereign).

⁹As of November 2023.