

RESILIENCE EVIDENCE FORUM

Cape Town & Online
20-22 June 2023



Cape Town, South Africa
Photographer: Tobias Reich

Livestock Insurance and Women's Financial Inclusion

Kelvin Shikuku, PhD

International
Livestock Research
Institute (ILRI)



Gendered structure of responsibilities, roles & networks

- ❑ Societies construct gender along many dimensions.
- ❑ Three dimensions of gender are especially relevant for insurance:
 - ✓ Expenditure responsibilities & risk exposure.
 - ✓ Domains of economic activity (& their indexability for insurance).
 - ✓ Networks through which information is shared and learning occurs.
- ❑ Gender blind programming will not work.
- ❑ There is need to be gender intentional in our effort to combine women's asset building with asset protection in pastoralist areas.

The BOMA Project in Northern Kenya

- ❑ BOMA's REAP program builds tangible material assets & intangible psychological assets for deeply poor women in Kenya's ASAL counties.
- ❑ 4- year RCT of REAP impacts in Samburu County shows:
- ❑ 320% increase in women's productive assets.
- ❑ 32% increase in family cash income.
- ❑ 510% increase in women's savings.

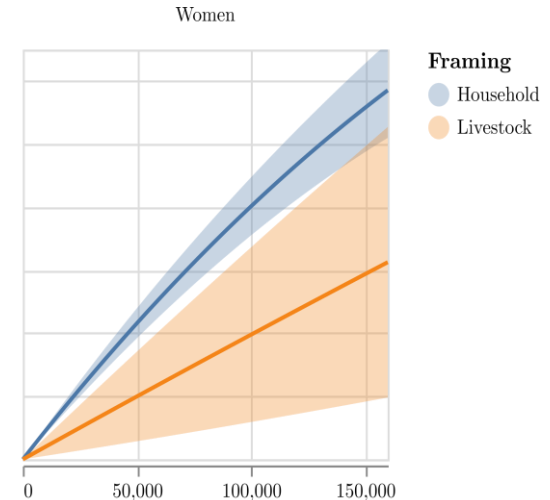
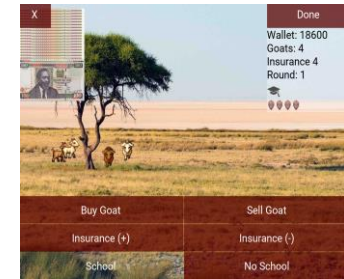
The logic & challenge of livestock insurance as a complement to BOMA's asset building

- ❑ Can these impressive gains for women survive the next climate shock?
- ❑ Although there is a strong case for coupling asset building with insurance-based asset protection, can this potential be realized with the Index-Based Livestock Insurance that was developed for the pastoralist areas?
- ❑ First level problem: economic activity that can be directly indexed (forage availability on the open rangelands) is tied to what is constructed as a male activity.
- ❑ Is rangeland relevant to women's responsibilities and can it be made salient to them?

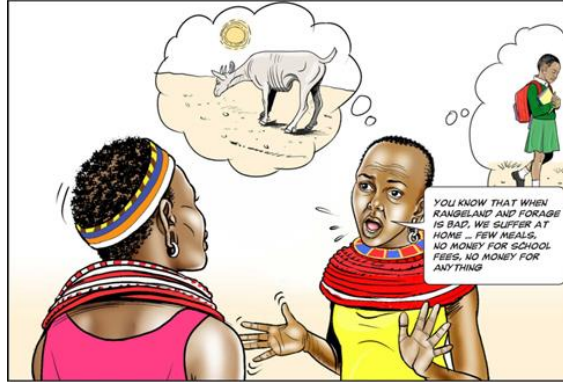
Linking livestock insurance to women's risks & responsibilities

- ❑ The SimPastoralist game helps people understand insurance & gauges their willingness to purchase.
- ❑ Games played with ~400 couples, across 30 communities.
- ❑ Two approaches: 1. Standard cattle insurance sold in livestock units; 2. A novel approach that emphasized women's indirect exposure to rangeland risk and benefits of buying "household or family" insurance that payoffs when rangeland conditions are bad.
- ❑ As predicted, women not very interested in standard TLU product but were interested when women's risks were emphasized.

But would this approach work in the real world?



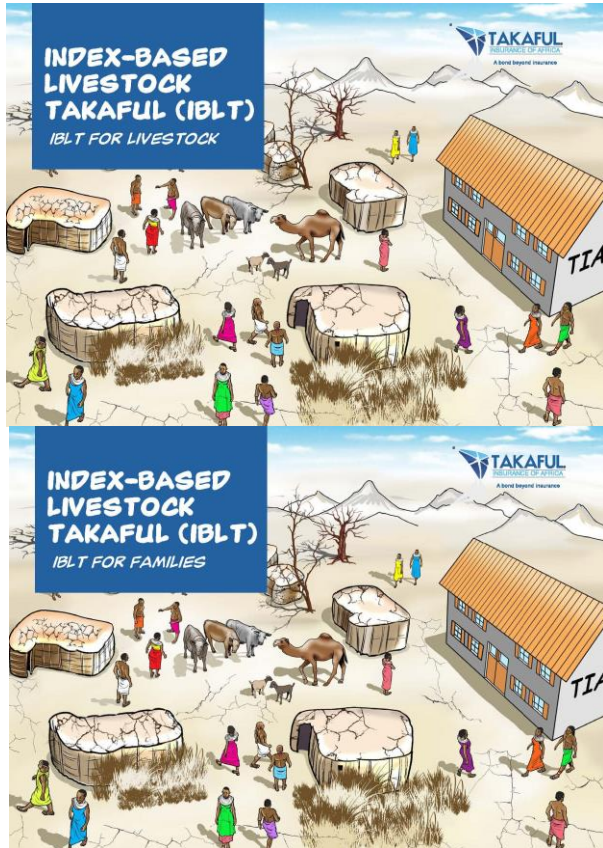
Pilot evidence from Samburu County, Kenya



- ❑ SimPastoralist learnings applied to a pilot (Sept 2021 and Jan 2022).
- ❑ Takaful Insurance of Africa sold IBLI in "Family Units".
- ❑ Family unit payoffs calibrated based on payment levels used by Kenya's emergency cash transfer program.

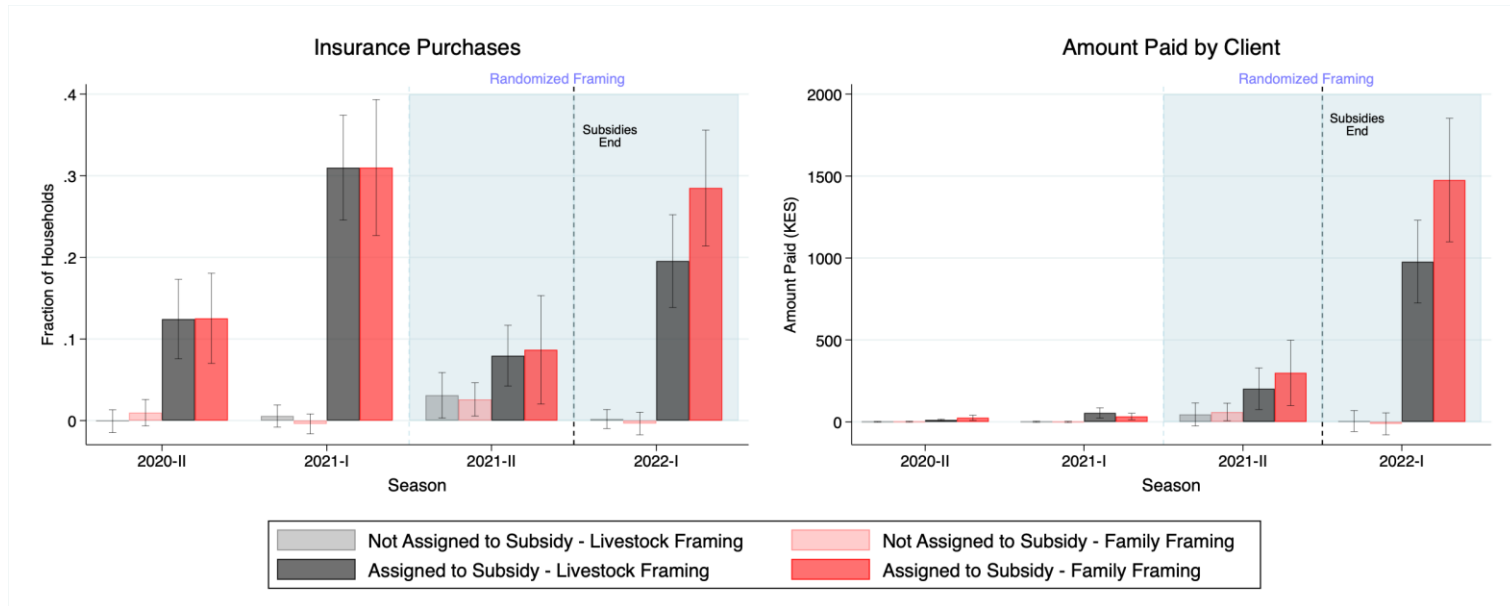
Cover	Cost	Maximum Payout
1 Family Unit	KSH 1056	Up to KSH 5600
2 Family Units	KSH 2112	Up to KSH 11,200
3 Family Units	KSH 3168	Up to KSH 16,800
4 Family Units	KSH 4224	Up to KSH 22,400

Pilot evidence from Samburu County, Kenya



- ❑ Study areas from the Samburu RCT were randomly divided between receiving the traditional TLU framing (presented in a new comic book) and receiving a novel framing for Family Insurance.
- ❑ BOMA mentors undertook the training, and TIA agents were prepared to sell units of family insurance.
- ❑ The Family Insurance presentation increased number of sales and sum insured by substantial amounts [20% & 40%, but *statistical caveat*].

Family unit insurance framing has large impact on insurance demand



- ❑ Experiment in study area with history of subsidies.
- ❑ After the subsidies ended (2022), family demand increased from 20% to 30%.
- ❑ Huge increase in client expenditures.

Key lesson: when insurance speaks to women's needs, and provides a chance to experiment, impacts can be large.

Providing women information, finance & commitment through the VISA model

- ❑ Work so far indicates that rangeland risk is relevant to women and can be made salient to them.
- ❑ What else can be done to make insurance more fully available to women?
- ❑ The VISA model—Village Insurance Savings Account—is built on group structures that have been so effective in facilitating savings and making credit available to low wealth households.
- ❑ Groups provide cost-effective ways to offer education on financial products, reduce transactions costs for financial institutions by bundling demand, and employ social mechanisms to encourage savings and repayment of loans.
- ❑ This VISA approach promises to relax both information access and financing constraints that likely constrain women's understanding & purchase of insurance.

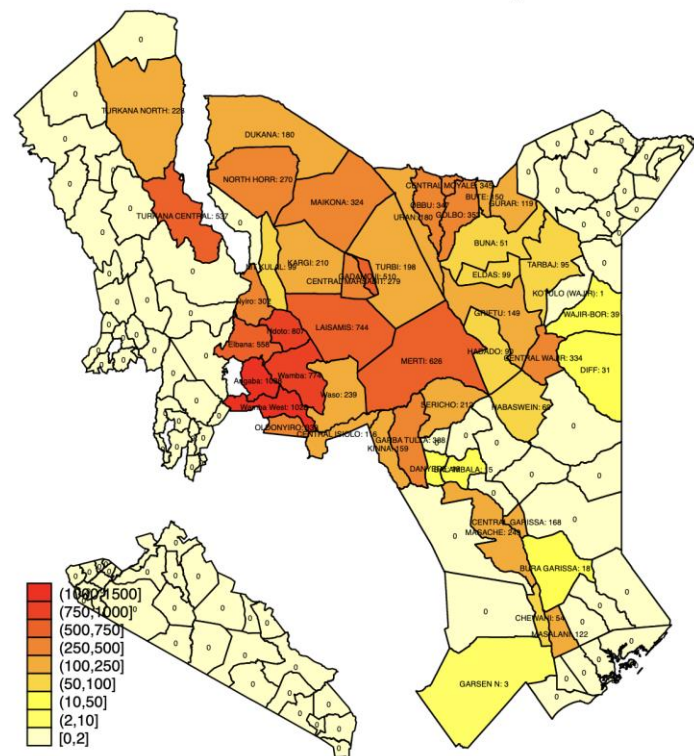
Embedding VISA into BOMA savings groups

- ❑ BOMA's REAP program creates savings groups which follow a fairly standard methodology (periodic share contributions; loan fund; interest distribution; provisions for emergency withdrawal via sales of shares).
- ❑ We work with the groups, supported by BOMA facilitators, to provide insurance education.

Testing at scale across 5 arid and semi-arid lands (ASAL) counties

- ❑ Beginning in March 2023, we are testing the new model of making insurance fully available for women who have graduated from REAP.
- ❑ Map shows the locations of families where women have recently graduated from REAP.
- ❑ Together these compromise 918 savings groups.
- ❑ A sample of 426 of these groups (geographically diversified) was randomized into:
 - Business as Usual:
 - Livestock units framing
 - Community training only
 - Gender Intentional:
 - Family framing
 - Embed in VISA

Number of households by UAI



Conclusion

- ❑ While the ASALs are certainly not low-hanging fruit in terms of making index insurance fully available to women, it is certainly a place where insurance could make a big difference and durably empower women who have benefitted from the BOMA program.
- ❑ While our experimental and small-scale piloting suggests that our gender intentional approach can work, keen to see how much more we can achieve by employing the VISA model.
- ❑ Our geographically diversified research design should allow us to further test the impact of insurance on women's assets in the face of climate shocks and intra-household risk-shifting.
- ❑ We hope that our conceptually grounded gender intentional approach offers lessons and ideas for others who wish to expand the reach of index insurance & the resilience it can create to women in other environments.