Responsible finance for vulnerable groups under COVID-19

Cor Wattel, Monika Sopov, Marcel van Asseldonk

WAGENINGEN UNIVERSITY & RESEARCH

Responsible finance for vulnerable groups under COVID-19

Cor Wattel[1], Monika Sopov[2], Marcel van Asseldonk[1]

1 Wageningen Economic Research

2 Wageningen Centre for Development Innovation

Wageningen Centre for Development Innovation
Wageningen, March 2021

Report WCDI-21-144

Wattel, C., M. Sopov, M. van Asseldonk, 2021. *Responsible finance for vulnerable groups under COVID-19.* Wageningen Centre for Development Innovation, Wageningen University & Research. Report WCDI-21-144. Wageningen.

This report can be downloaded for free at https://doi.org/10.18174/543745 or at www.wur.eu/cdi (under publications).

The COVID-19 pandemic, and especially its responses such as lockdowns and transport restrictions shocked the world in 2020. Rapid assessments of the crisis showed that especially poor people were hit hard, facing immediate threats to their food and livelihood security. Varies UN agencies indicated that progress towards achieving SDGs is likely to be set back by decades. The people suffering from hunger is on the increase. With that context in mind a research was started at Wageningen University to assess impact of shocks such as COVID-19 on the **most vulnerable** groups of people, anticipated to suffer even more.

The research assignment developed three methodologies that allows both academic as well as support organisations to better understand how more vulnerable groups in society respond to crisis and what room there is to enhance their resilience. These methodologies were tested in two case studies (migrant labourers in the sesame sector in Ethiopia, jobless migrant youth from pastoral communities in Somaliland). Concepts and methodologies are described in seven reports that to a large extent build on each other.

1. Guijt, J. and N. Rozemeijer. Enhancing the resilience of those most vulnerable to (food) system shocks – Synthesis paper. https://doi.org/10.18174/543741
2. Wigboldus, S. and J. Jacobs. Enhancing the resilience of those most vulnerable to (food) system shocks – Clarifying and unpacking key concepts. https://doi.org/10.18174/543742
3. Wigboldus, S. and J. Jacobs. Enhancing the resilience of those most vulnerable to (food) system shocks – Towards a sense-making framework and assessment methodology. https://doi.org/10.18174/543743
4. Roo, N. de and J. van der Lee. Exploring vulnerability and resilience from a multifaceted and systemic perspective – Case studies in Ethiopia and Somaliland. https://doi.org/10.18174/543744
5. Wattel, C.J., M. Sopov and M.A.J.M. van Asseldonk. Responsible finance for vulnerable groups under COVID-19. https://doi.org/10.18174/543745
6. Wattel, C.J., M. Sopov and M.A.J.M. van Asseldonk. Finance for Resilience Tool (FORTE) – A rapid assessment tool. https://doi.org/10.18174/543746
7. Fonteijn, H., J. Groot and X. Guo. Analysing the resilience of food systems with scenario analyses and reverse stress tests – Concepts and an application on the Ethiopian sesame value chain. https://doi.org/10.18174/543747

The authors would like to acknowledge funding from the Wageningen University & Research "Food Security and Valuing Water programme" that is supported by the Dutch Ministry of Agriculture, Nature and Food Quality.

© 2021 Wageningen Centre for Development Innovation, part of the Stichting Wageningen Research. P.O. Box 88, 6700 AB Wageningen, The Netherlands. T + 31 (0)317 48 68 00, E info.cdi@wur.nl, www.wur.eu/cdi.

BY-NC

The Wageningen Centre for Development Innovation uses a Creative Commons Attribution 4.0 (Netherlands) licence for its reports.

The user may copy, distribute and transmit the work and create derivative works. Third-party material that has been used in the work and to which intellectual property rights apply may not be used without prior permission of the third party concerned. The user must specify the name as stated by the author or licence holder of the work, but not in such a way as to give the impression that the work of the user or the way in which the work has been used are being endorsed. The user may not use this work for commercial purposes.

The Wageningen Centre for Development Innovation accepts no liability for any damage arising from the use of the results of this research or the application of the recommendations.

Report WCDI-21-144

Photo cover: www.sbnethiopia.org

Contents

Acknowledgements

During on-line consultations with colleagues in Somaliland we received great help from Prof. Abdirizak Adam and Prof. Abdurrahman Said Abdullahi from the Nugaal University; from Prof. Ahmad Idle and Prof. Aydid Hassan Abdi from the Sanaag University; from Dr. Jibril Abdi (FAO Somaliland); and from Eelke Boerema and Gerrit-Jan van Uffelen, both working in the region for the Food and Nutrition Security Resilience Programme (FNS-REPRO) of FAO and Wageningen Centre for Development Innovation.

During on-line consultations in Ethiopia we received help from Birara Shumye and Melisew Misker Belay, both working for the Sesame Business Network. Thank you! We lastly want to thank the 12 sesame labourers from the woredas Metema and Belessa, and 5 smallholder sesame farmers from woreda Metema. Your inputs are much appreciated.

List of abbreviations and acronyms

BRiCS	Building Resilience Communities in Somalia
CAADP	Comprehensive Africa Agriculture Development Programme (part of NEPAD)
CBO	Community-based organisation
CFS	Committee on World Food Security
COMESA	Common Market for Eastern and Southern Africa
ESG risks	Environmental, Social and Governance risks
FAO	Food and Agriculture Organization of the United Nations
FGD	Focus group discussion
FI	Financial Institution
FIC	Feinstein International Center at Tufts University, Boston
FORTE	Finance for Resilience Tool
FOSRA	Food System Resilience Assessment
FSAU	Food Security Analysis Unit of the FAO
FSP	Financial Service Provider
ID	Identity Document
IFC	International Finance Corporation (member of the World Bank group)
ILO	International Labor Organization
KYC	Know Your Customer
MFI	Microfinance Institution
MNO	Mobile Network Operator
NEPAD	New Partnership for Africa’s Development (African Union)
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation and Development
PNSP	Productive Safety Net Programme (Ethiopia)
PREP	Partnership for Resilience and Preparedness
RAI	Principles for Responsible Investment in Agriculture and Food System
SACCO	Savings and Credit Cooperative
SHG	Self-Help Group
SME	Small and Medium Enterprise
SomRep	Somalia Resilience Program
SPTF	Social Performance Task Force
UNICEF	United Nations International Children’s Emergency Fund
UNPO	Unrepresented Nations and Peoples Organisation
VSLA	Village Savings and Loan Association
WCDI	Wageningen Centre for Development Innovation, Wageningen University & Research
WEcR	Wageningen Economic Research
WUR	Wageningen University & Research

1 Introduction

Credits: www.sbnethiopia.org

Why focus on finance?
This paper is about responsible finance, as one of possible policy and investment options to support the most vulnerable in becoming more resilient to shocks.

Climatic disasters, violent conflicts, locust invasions and recently COVID-19-induced responses have created particular shocks to those who are most vulnerable, leading to exacerbated poverty traps for many. Since most policies and investments are implicitly geared to the most visible actor groups, such as (semi)commercial farmers, the needs of the most vulnerable actor groups are often bypassed (Criado Perez, 2019; Woodhill et al 2020). Hence the need for a specific focus on vulnerable groups.

The choice for finance is somehow an arbitrary one. One does not know a priori whether finance will be the highest priority for a given vulnerable group, if compared with other possible policy and investment interventions. However, finance is often and recurrently mentioned as one of the relevant bottlenecks, in relation to many different target groups and contextual situations. Access to finance can have a function in enhancing investments for growth and productivity, but it can equally play a role in smoothening consumption and otherwise stabilizing a household’s economy in situations of volatility and shocks.

Resilience, vulnerability and finance
This paper provides a method to explore how finance plays a role in the vulnerability and resilience of the specific vulnerable group at hand, and what policy and investment options are available to improve their resilience through responsible finance. It provides a systematic mapping tool of finance options available to the specific vulnerable group. The paper also identifies how responsible finance can contribute to better resilience of this group against shocks and stressors.

Through looking at the specific vulnerabilities related to COVID-19, the rapid assessment team took a broader perspective. For highly vulnerable groups, COVID-19 is not the first and only shock they are confronted with. They usually live their life in an adverse environment, where shocks and stresses are always present. Therefore, the team explores how the vulnerable groups use finance options, as part of their coping strategies against adversities including COVID-19.

Objective
The objective of the current research is to develop a tool for rapid assessment to identify opportunities for responsible finance in order to reinforce resilience of specific vulnerable groups.

As the answers to these questions are highly group- and context-specific the team tested the rapid assessment tool in two case studies:
- Pastoralists in Somaliland;
- Migrant laborers in the sesame sector in Ethiopia.

When applying the assessment tool for the above-mentioned countries, the team worked together with networks of WUR-related projects on the ground: in case of Somaliland, the Food and Nutrition Security Resilience Programme (FNS-REPRO) of FAO and WCDI; and in the case of Ethiopia, the Sesame Business Network (SBN) project of WCDI.

Outline
In section 2, understanding of responsible finance by the assessment team is presented and how it relates to the subject of vulnerability and resilience of vulnerable groups. Section 3 provides a taxonomy of the finance options which are included in the rapid assessment tool. Section 4 describes the tool methodology in four process steps. In section 5, the tool is applied to two cases: the pastoralists in Somaliland (5.1) and the migrant laborers in sesame production in Ethiopia (5.2). The paper is closed with a synthesis, reflecting on the effectiveness and applicability of the tool.

2 Responsible finance

Responsible finance standards

In general, responsible finance is a strategy and practice to incorporate Environmental, Social and Governance (ESG) factors in finance decisions. Investors can encourage the companies they are already invested in to improve their ESG risk management or develop more sustainable business practices (PRI, 2020). There is not one universal standard to determine the performance of responsible finance. A few relevant examples are presented in Figure 1.

Principles for Responsible Investment in Agriculture and Food Systems (RAI)

CFS/FAO developed ten principles to address responsible agricultural investment in a variety of ways. The objective of the principles is to promote responsible investment in agriculture and food systems that contribute to food security and nutrition, thus supporting the progressive realization of the right to adequate food in the context of national food security (http://www.fao.org/policy-support/tools-and-publications/resources-details/en/c/422954/).

Universal Standards for Social Performance Management

As a result of a deeply consultative process among a broad range of stakeholders, the Social Performance Task Force (SPTF) launched the Universal Standards for Social Performance Management (in short referred to "the Universal Standards"). This is a comprehensive manual of best practices to help financial service providers (FSPs) put clients at the centre of all strategic and operational decisions and align their policies and procedures with responsible business practices (https://sptf.info/universal-standards-for-spm/start-here).

Client Protection Principles (Smart Campaign)

The Client Protection Principles articulate the standards of care that clients should expect to receive when doing business with a financial service provider. These principles were distilled from extensive work by many providers, networks, and supporting organizations. They represent a consensus view shared widely across the microfinance industry. Over 4,000 individuals, providers, institutions, regulators, and investors worldwide have endorsed these principles (https://www.smartcampaign.org/storage/documents/smart_campaign_cpps.pdf).

Performance Standards (IFC)

The International Finance Corporation (IFC) applies the Performance Standards to manage social and environmental risks and impacts and to enhance development opportunities in its private sector financing in its member countries eligible for financing. The Performance Standards may also be applied by other financial institutions electing to apply them to projects in emerging markets. Together, the eight Performance Standards establish standards that the client is to meet throughout the life of an investment by IFC or other relevant financial institution (https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards).

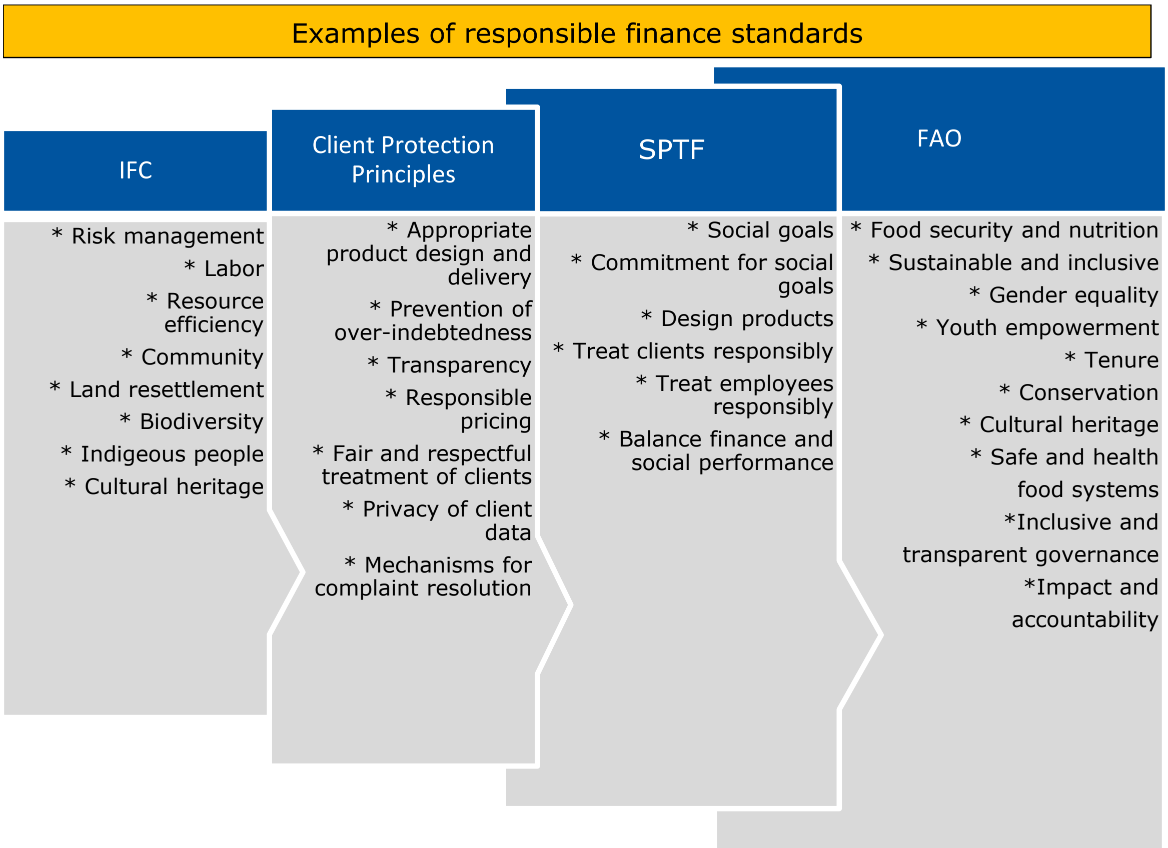

Figure 1 *Examples of responsible finance standards*

Application of responsible finance in the development application of the tool
There are many different standards applied to guide responsible finance, each of which addresses a different market and subsector (Figure 1). To simplify the approach, the assessment team built on the dichotomy that is in-built in several of these tools: the distinction between "Do no harm" and "Do good" (Figure 2). Within the principle of "Do no harm" the objective is to ensure that finance does not have negative impacts (neither directly nor indirectly); the do no harm principle is the basis for ESG risk management of many development investors. Under the principle of "Do good", the objective is to achieve positive impact and pursue positive effects of finance.

The team operationalized the "Do no harm" in the rapid assessment tool, by mapping finance-related causes of vulnerability, and applied the "Do good" by mapping the positive contribution of finance options to the resilience of the group at hand.

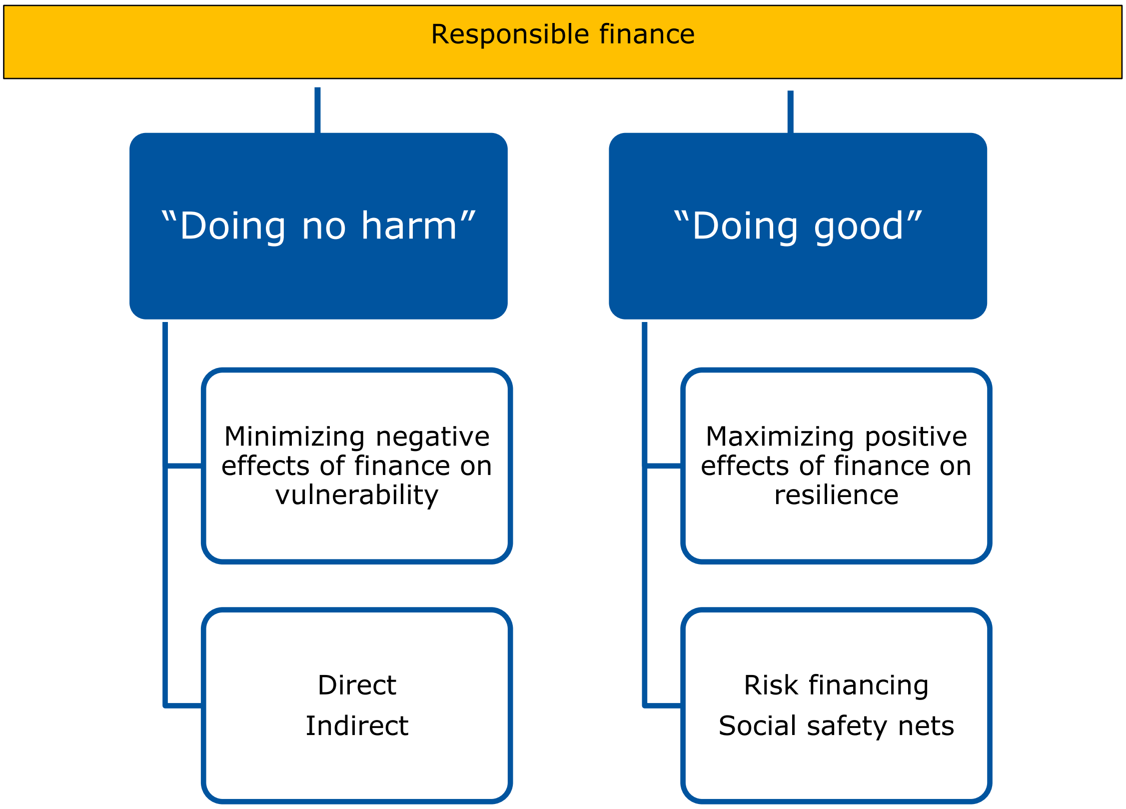

Figure 2 *Classification responsible finance*

3 Taxonomy of finance options

The focus of this paper is on domains within responsible finance that are the most relevant for very vulnerable groups, and for their coping strategies and resilience in the face of shocks and stressors. There are two domains, partly overlapping, which meet this criterion:

1. Risk financing: risk financing is a concept from the world of insurance and finance. It involves putting in place a strategy to mitigate risk ex-ante as well as a strategy to ensure the availability of funds for post-disaster relief and reconstruction, commensurate with the scale and frequency of anticipated risks (OECD 2014). Risk financing can be applied at macroeconomic level (e.g., as a public policy for disaster-preparedness). It is also relevant within companies, communities and organisations, to make them more resilient to shocks (e.g., adverse weather).
2. Social protection: social protection is a concept from the world of socio-economic policies. Social protection systems, policies, and instruments help individuals and societies manage risk and volatility and protect them from poverty and destitution (World Bank 2018). Formal social protection policies are typically administered by governments, supporting their citizens against typical risks of disability, unemployment, retirement and other forms of loss of income and employment. But social protection is also embedded into informal mechanisms, for example burial societies at community level.
   Social protection policies are typically distinguished into three sub-types:
   a. Social insurance: premium-based insurances to protect individuals from income loss in cases such as old age, sickness, disability, or natural disaster.
   b. Social assistance or social safety nets: public-budget-based interventions to protect individuals from poverty, destitution and vulnerability.
   c. Labor market programs: interventions to reduce unemployment (skills investments, labor market intermediation) and/or to protect people from loss of income due to unemployment.

   When applying the assessment tool in the case of the Somaliland and Ethiopia for social protection, the team focused mainly on the second sub-type (2b): social safety nets as that seems to be most relevant for the rural context in low-income countries. The other two sub-types (2a and 2c) are more relevant in higher-income countries, and in urban contexts with a higher share of workers with fixed salaries.

Types of risk financing

Following the classification of OEDC (2009), risk financing can be segmented into three distinct layers based on the potential links between markets and the severity of a risk (where the severity of the risk is defined by the probability of occurrence and the magnitude of the loss event).

1. Risk retention: risk retention takes place in situations where there are frequent but limited losses that are part of the normal business environment. Within this "normal risk" or "risk retention layer", farmers, households and small communities cope with the risk themselves (Figure 3).
2. Private risk transfer: private risk transfer becomes relevant if losses are more significant and less frequent. These risks are then transferred to (or shared with) other parties in the (finance) value chain (e.g. through insurance or contractual price arrangements).
3. Public risk transfer: public risk transfer happens in case of catastrophes which by nature occur seldomly but cause very large losses. This type of risk is difficult to retain or to transfer or share through the market. When markets collapse there is an obvious need for public action (OECD, 2009).

Types of social safety nets

Several criteria can be used to cluster individual types of social safety net programs. In the current assessment the team applied the World Bank (2018, 2008) classification by using three basic categories (Figure 3).

1. Unconditional transfer programs: these help to protect poor households by providing them with the resources they need to maintain a minimum level of consumption. Transfers can be in the

form of cash or mobile money transfer, in-kind (food or other items), or in near-cash (i.e., vouchers or coupons).

2. Income-generation programs: these provide low-skill jobs for the poor during the course of a local infrastructure investment. They include public works, cash for work and food for work programmes.
3. Protection of human capital and access to basic services: social safety net programs can also provide conditional transfers to encourage the use of education or health facilities, or other incentive provisions (f.i., fee waivers, subsidized access) to lower the cost of access to basic health and education services for the poor (World Bank, 2008).

Examples of both types of finance options can be found in Table 1. These include formal and informal mechanisms.

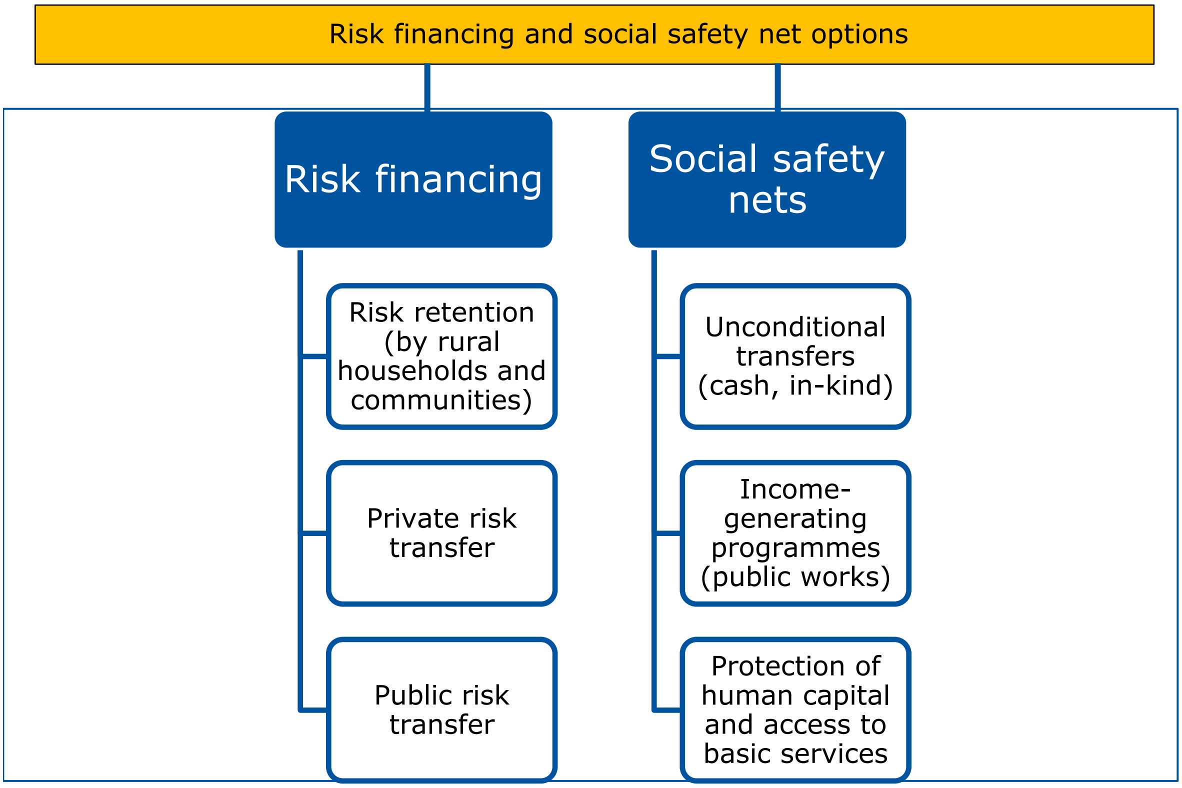

Figure 3 *Taxonomy of risk financing and social safety net options*

4 Finance for Resilience Tool (FORTE) for rapid assessment

The “Finance for Resilience Tool” (acronym FORTE) is a rapid assessment tool developed by WUR. The tool helps to assess the opportunities for responsible finance, for reinforcing resilience of a specific vulnerable actor group in a given country or region.

The FORTE tool involves four steps, namely (Figure 4):
- Step 1: Mapping access and use of finance options;
- Step 2: Mapping finance-related causes of vulnerability;
- Step 3: Identifying gaps and assessing their persistence;
- Step 4: Setting responsible finance priorities.

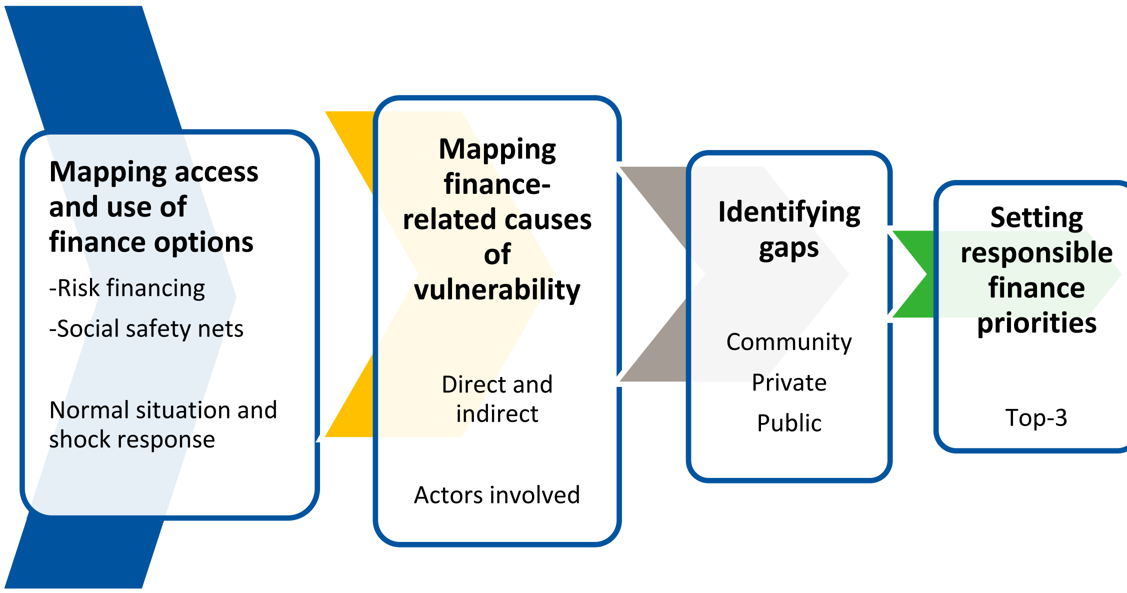

Figure 4 *Four steps in the Finance for Resilience Tool (FORTE)*

4.1 FORTE Step 1: Mapping access and use of finance options

Current access and use of finance for a specific vulnerable group are mapped, for both risk financing and social safety net options (Figure 3).

From a longlist of potential finance options (Table 1), only the most relevant options are shortlisted per case. The first layer of finance options – closest to the vulnerable group itself - is the informal finance available within the community: relatives, friends, informal savings groups, moneylenders and the like. The second layer refers to semi-formal and formal private finance options provided by banks, but also by social finance institutions such as microfinance institutions and savings and credit cooperatives. Public finance options are usually provided by governmental agencies (national government, local government, decentralised bodies), or by (inter)national donors and NGOs active in disaster relief and development.

The longlist in Table 1 is intended to provide inspiration and to create clarity about different types of finance options for resilience. There is no need to systematically address each of these options for each country case, but only the relevant ones for the target group at hand. Also, the longlist provides a framework but is not exclusive or exhaustive of all available options. In a specific country context many other varieties may emerge.

Where relevant, a distinction is made between financial mechanisms for coping of vulnerable groups in the absence of adversities (hence referred as normal situations), and coping strategies under a shock. This distinction is based on the insight that vulnerable groups, by definition, have to cope with recurrent adversities that are part of their day-to-day life. For less vulnerable groups, such adversities may be perceived as shocks to their usual livelihoods, but for vulnerable groups they are no exception to their normal situation. In the context of this rapid assessment, the assessment team reserved the term shock for adversities that are very large in size or very long in time, or for shocks that are the subject of a specific study (such as COVID-19 in the case of the current assessment).

Table 1 *Overview of community, private and public finance options for vulnerable groups*

Provider	Examples of finance options	Examples of Social safety nets
A. COMMUNITY	Household/family decisions • Assets • Consumption • Investments • Remittance Informal finance • Saving and dissaving • Credit • Village savings/ loans/ insurance groups • Mutual insurance	Household/family decisions • Intra-household and intra-family support Informal safety nets • Traditional support systems (gifts). • Social emergency funds within village savings/ loans/ insurance groups • Community disaster funds
B. PRIVATE • Private sector (banks, MFIs, SACCOs, etc)	Formal finance • Saving; • Credit and risk capital [1]; • Remittance services; • Insurance.	Private sector contributions to safety nets • company collaboration with local food banks, sponsoring local initiatives for vulnerable groups, charity foundations, volunteer actions involving company staff.
C. PUBLIC • Government, donors and NGOs	Grant-based instruments: • Grants for informal finance mechanisms • Grant for formal finance mechanisms Capital-based instruments: • Risk capital and blended finance • Public-private insurance schemes (including risk-contingent credit[2])	Social safety nets: • Cash, near-cash and in-kind transfers; • Public works (food for work, cash for work) • Free or subsidized access to basic services (education, health care) • Conditional transfers Other instruments: • Disaster relief; • Matching funds for S/L/I groups and community disaster funds; • Temporary employment subsidies and survival subsidies to rural and agri-businesses; • Tax breaks and other incentives to rural and agri-businesses.

1 Risk capital is different from loans. Loans have a fixed interest rate and repayment schedule, whereas in the case of risk capital the dividend – and sometimes also the repayments of capital - fluctuates with the profits and losses of the financed company. Risk capital can take many different shapes, such as equity participations, mezzanine finance, subordinated loans, guarantees. Risk capital is also very common in Islamic finance, which prohibits charging interest.

2 Risk-contingent credit is a loan with an insurance component. In case the insured risk materializes, the loan repayment is reduced or entirely cancelled.

4.2 FORTE Step 2: Mapping finance-related causes of vulnerability

Rather than a solution, finance could also be a root cause for vulnerability. Therefore, possible direct and indirect causes of vulnerability are mapped, as well as their relations to finance and financial actors:

- Direct causes are situations where financial actors do harm to a vulnerable group in their direct engagement with them. For example, if a bank treats clients from a vulnerable group badly, or sells them products they do not need or at excessive prices or interest rates.
- Indirect causes are situations where the clients of financial actors do harm to a vulnerable group in an indirect way. For example, if a bank finances a mining company that dislocates villagers from their land, one could argue that the bank bears chain responsibility for this problem.

4.3 FORTE Step 3: Identifying gaps and assessing their persistence

The gap analysis systematically reviews the limitations of the different finance options and explores possible solutions to them. It also contains a narrative reflection on why some of these gaps are persisting and what new approaches can be found to overcome them.

4.4 FORTE Step 4: Setting responsible finance priorities

The gap analysis leads to a top-3 agenda on "finance for resilience". The research team combines the findings from literature, from the expert workshops and interviews, and from their own expert knowledge, to formulate these three priorities. The priorities are validated with country experts that participated in the research.

4.5 Process to implement the tool

The four steps mentioned above are all based on a literature scan, followed by a validation of literature findings by means of an expert workshop and/or expert interviews, and focus group discussions in the two case study countries.

5 Application of the FORTE tool

Credits: *www.sbnethiopia.org*

5.1 Pastoralists in Somaliland – vulnerability and resilience

Pastoralists make up around 55% of the population in Somaliland (Daily Maverick 2019). They make their living from livestock, often a combination of camels, sheep and goats, and to a lesser extent cattle. Within the broader group of pastoralists, there are large differences in wealth and poverty status, as well as in market integration. As an illustration, a regional study covering northern Kenya and southern Ethiopia showed that the better-off households sold 18-26 times more animals than the “very poor” (FIC 2017).

The most frequently mentioned adversity for pastoralists in Sool and Sanaag is drought, followed by deforestation, livestock disease, conflict, desert locusts, unemployment, drought impacts and violence and insecurity (FOSRA 2020). The unemployment risk is particularly prevalent among youth.

COVID-19 brought an additional layer of shock as it adversely impacted livestock trade (domestically and export). Restriction of movement in Somaliland is not stringently enforced enabling pastoralists to travel to markets in cities to sell livestock. However, prices of livestock fell since purchasing power and consumption of meat in the city declined, affecting the livelihoods of pastoralist.

More detail about the characteristics of pastoralist communities in Somaliland and their vulnerabilities, can be found in Roo, N. de and J. van der Lee (2021). Exploring vulnerability and resilience from a multifaceted and systemic perspective – Case studies in Ethiopia and Somaliland.

5.1.1 Mapping access and use of finance options

In this section we will discuss the access to and use of finance options by the pastoralists. We start with risk financing options (5.1.1.1) and will then discuss the social protection options (5.1.1.2).

5.1.1.1 Use of risk financing options

Pastoralists in Somaliland apply numerous finance options to cope with adversities. The table below describes the different mechanisms, and makes a distinction between normal circumstances (which already include adversities) and those under shock circumstances (Table 2).

Divesting assets

The principal coping mechanism of pastoralists is divesting assets. Pastoralists save mainly by means of livestock accumulation (camels, sheep, goats, cattle). Ownership of livestock is linked more to the kinship than to individuals. In terms of financial management, small ruminants (sheep and goats) are a convenient asset to be sold to meet basic short-term needs such as food, medicines or school fees, whereas larger livestock represent more long-term and bulky savings (COMESA-CAADP 2009; FSAU, 2001). Larger shocks often trigger additional selling of livestock or barter with livestock, often at lower prices than under normal market circumstances.

Hagbad system (rotating savings and credit associations)

Many Somalis practice the traditional Hagbad system as a form of pooling money together (only for money not for livestock). Such a rotating savings and credit association is a group of individuals who agree to meet for a defined period in order to save and borrow together, a form of combined peer-to-peer banking and peer-to-peer lending (Concern 2020). Hagbad’s are widely used for business and household expenses, but can also be used – in limited portions - to finance emergency expenses.

The Hagbad system quite dependent on the commitment and reliability of the group members. The informality and oral agreements can sometimes create conflicts about obligations.

Other forms of informal savings groups are being widely promoted by the development community. There are about 30 development organisations in Somalia and Somaliland, united in four consortia, which are working on the promotion and support to Self-Help Groups (Concern 2020).

Remittances

Remittances from family in cities or abroad facilitate a stable cash flow, and more so for poorer pastoralist families. Household surveys indicate that remittances accounted for up to 20% of the income of poor households in some pastoral livelihood zones (FSAU, 2001). Remittances is estimated at $1 billion per year, and it has been the platform for the launch of three banking groups (Daily Maverick, 2019). There are some indications that Somaliland may be disproportionately reliant on remittances in comparison to other Somali regions (Majid and Musa, 2020). As a result of COVID-19 affecting also families in cities or abroad remittances have decreased (Majid and Musa, 2020).

Banks dominate the market of transferring remittances, with high charges. Local banks in Somaliland have emerged around capital flows from remittances, but there is an absence of international banking (UNICEF, 2014) who could make the system more competitive. Dahabshiil Money Wiring Bank is a private bank, which is preferred by the population. The bank has both outlets and mobile offices.

Reducing household expenses

Besides sometimes borrowing during dry period (for food consumption) also household spending is reduced during dry period (FSAU, 2001). Household consumption is further reduced in times of shock, and investments are postponed.

Mobile money
Mobile money and internet banking is present in Somaliland and rapidly growing. In Somaliland Zaad/Telesom is the dominant provider of mobile money, with E-Dahab/Somtel and Sahal/Golis as smaller players. A World Bank survey in Somalia (Altai Consulting 2017) revealed that 73% of population above 16 years old use mobile money service (in urban areas 83%, in IDP camps 72% and in rural areas 55%). Mobile money is preferred to bank notes and demand is growing. Mobile money is also far more present than bank accounts, which are held by only 25% of population above 16 years old, and only 5% in rural areas. The mobile money system in Somaliland facilitates transfer of remittances even to rural areas. Pastoralists also in rural areas use mobile money transfers for selling output and buying inputs. Current services are mostly aimed at transfers and at mobilizing savings, not for accessing credit.'

Credit
The use of credit by pastoralist is limited (FSAU, 2001). Sometimes credit is used during the dry period (for food consumption) and paid back during the wet periods through barter of livestock or milk, or directly cash. In case of credit no interest can be charged in line with Islamic financing (ILO 2013; Muhumed & Yonis, 2018). There are no specific formal credit lines for pastoralists.

Kaaba Microfinance Institution (NGO) targets poor and the low-income groups in Somaliland, specifically women and youth, to create self-employment opportunities (http://kaabamfi.org). Credit has been tightening in Somaliland due to the COVID-19 related economic uncertainties. People who were able to obtain credit from the few Islamic Banks in the country, before COVID-19, are concerned that they will not be able to pay the loan with its 12% of murabaha commission[3] (Majid and Musa, 2020).

Table 2 *Mapping existing finance options for risk coping for pastoralists in Somaliland*

Main existing finance options	Distinguish normal circumstances and shock response
A. COMMUNITY	
Divesting assets	**Normal:** Pastoralists save and divest mainly in terms of livestock assets. **Shock:** Additional selling of livestock or barter with livestock.
Hagbad system	**Normal:** Hagbad (RosCAs) are used by many Somalis, for business and household expenses. **Shock:** Hagbad can also be used to finance emergency expenses.
Remittances from family in cities or abroad	**Normal:** Somaliland relies much on remittances. **Shock:** As a result of COVID-19 remittances have decreased.
Reducing household spending	**Normal:** Reducing household spending (and consumption) during dry period. **Shock:** Reducing household consumption and postponing investments.
B. PRIVATE	
Mobile money	**Normal:** mobile money is widely used in Somaliland, also in the countryside. **Shock:** (limited) savings in mobile money can be used in times of shocks.
Credit	**Normal:** The use of formal credit by pastoralist is limited. **Shock:** Credit has been tightening in Somaliland.

5.1.1.2 Use of social safety net options
Social safety net options are quite limited in Somaliland and not targeted towards pastoralists (Table 3).

[3] Murabaha is also known as cost-plus financing. It is an Islamic financing structure in which the seller and buyer agree to the cost and markup of an asset or investment. The markup takes the place of interest which is illegal in Islamic law. As such, murabaha is not an interest-bearing loan but is an acceptable form of credit sale under Islamic law. (Source: Investopedia).

Traditional forms of social safety nets assist the poor in Somaliland [4]. Also targeted mechanisms assist households in shock situations [5]. These mechanisms still exist in pastoralist communities and are relevant (Majoka, 2017).

These systems are often elaborate and complex with over 20 varieties of potential support (FIC, 2017). Under these systems, wealthier households give livestock to poorer households. However, there is a growing mismatch between the numbers of people needing support and the capacity or inclination of wealthier households to provide this support FIC, 2017). There is a lack of potential reciprocity, especially with systemic risks as drought and COVID-19.

Institutional forms of social safety nets are limited in Somaliland. Besides some extremely limited and ad hoc government support for small numbers of vulnerable and/or destitute people, UN agencies and NGOs provide the bulk of assistance, and in a project-based and therefore unsustainable fashion. The main type of social assistance that external parties (i.e., non-government) provide is public works, either in the form of cash for work or food for work. A variety of initiatives are under way in rural Somaliland, which include an FAO and WFP cash and food for assets programme under the UN JRS; and the activities of the NGO consortium that runs the Somalia Resilience Program (SomReP). Some examples of unconditional cash transfers are mentioned (transfers of cash and vouchers, social safety net programme Puntland, BRiCS and SomReP consortia), as well as school feeding, and food distribution (UNICEF 2014, p 41).

Table 3 *Mapping social safety net options for pastoralists in Somaliland*

Main existing social safety net options	Distinguish normal circumstances and shock response
A. COMMUNITY	
Traditional forms of social safety nets	**Normal:** Mechanisms to assist the poor. **Shock:** Mechanisms to assist households in shock situations. Reciprocity support mechanisms are eroding, especially with systemic risks.
C. PUBLIC	
Institutional forms of social safety nets	**Normal:** UN agencies and NGOs provide the bulk of assistance. **Shock:** UN agencies and NGOs provide the bulk of assistance.

5.1.2 Mapping finance-related causes of vulnerability

The focus of this section is whether the behaviour of financial actors and institutions can be a cause of vulnerability of pastoralists in Somaliland. This can be through direct interaction between financial institutions and pastoralists (Table 4), or indirectly if financial institutions affect the lives of pastoralists through their services to companies or other economic actors (Table 5).

5.1.2.1 Finance as a direct cause of vulnerability

No direct harm

No examples were found where financial actors or institutions did direct harm to the interests of pastoralists, such as poor treatment of clients or situations of over-indebtedness.

Exclusion

The most important direct shortcoming lies in the exclusion of pastoralists as clients. Pastoralists that are excluded from financial services or social safety nets, cannot make use of these services as risk-coping mechanisms. The exclusion takes shape in several ways:

4 Zaqat (once a year if you are rich), Sadaqah (very generous person's gift), Quaraan, Irmaansi, Dhowrto/ Xersi, Afur, Gadiid ceeshi, Baaho).

5 Dumaal (widow), Xigiisan (widower), Axan (deceased), Talci (funeral), Affarta-bax (birth), Mag (deceased), Kaalmo (loss of livestock).

- Innovative savings and loan products are not targeted at marginalized pastoralists (Geleta, 2017). Moreover, microfinance organisations exclude pastoralists, because it is not profitable serving them (Rass, 2006).
- One causal driver of exclusion is that pastoralists are not organized, for example in cooperatives or other platforms, to access finance. Servicing them individually is very costly. Pastoralists have limited knowledge of the potential benefits of cooperatives. Record keeping is still a challenge because of illiteracy. FAO is trying to bridge the gap, but this is still very much work in progress. Once organized in the future (with appropriate record keeping, governance structures and bylaws) FAO is considering providing a revolving fund.
- While mobile money is very much present in Somaliland and rapidly growing, current services are mostly aimed at making transfers and mobilizing savings, not for accessing credit. Mobile and internet banking are not targeted at marginalized pastoralists.
- Alternative banking outlets, such as mobile van banking, opening outlets and introduction of piggy box could increase access for pastoralists (Geleta 2017).

Table 4 *Mapping finance as a direct cause of vulnerability of pastoralists in Somaliland*

Causal driver	Financial actors
Exclusion:	
Savings and loan products are not targeted at marginalized pastoralists. Microfinance organisations exclude pastoralists.	Banks, MFIs
Pastoralists are not organised to access finance.	Banks, MFIs
Mobile money and internet banking focused on transaction, but no credit; and not targeted at marginalized pastoralists.	Banks
There are limited alternative banking outlets (such as mobile van banking).	Banks

5.1.2.2 Finance as an indirect cause of vulnerability

The following section sheds light on a few indirect causes of pastoralists' vulnerability, through the financial actors' engagement with other actors in the value chain (Table 5).

No indirect harm

The assessment team found no situations in which financial actors were co-responsible of harm done to pastoralists in any tangible manner. The vulnerability drivers found are more related to structural mechanisms in the economy around pastoralists, and in which financial actors follow the sectors where their capital can be invested profitably.

Commercialization

Pastoralists can suffer negative effects from the commercialization of the sector, which is increasingly supplying urban middle-class consumers and seeing privatization of pastureland and water. This is gradually leading to a shift of livestock from poorer to wealthier producers and to degradation of social support systems (FIC, 2017). For example, diaspora entrepreneurs commercialize camel milk production by purchasing 100 or more camels. This is accompanied by land acquisition to engage in agricultural production and to develop real estate. This has negative effect on the pastoralists as they do not have the capacity to accumulate money to finance large-scale investments.

As pastoralist become more integrated in markets, they increasingly face competition from large and often capital-intensive production units (Rass, 2006). Financial institutions are not the driving forces behind commercialization, but they may enable it indirectly.

Export markets

Pastoralists may also suffer the consequences of ill-organised export markets. Due to weak competitiveness and/or livestock health issues, the export markets are sometimes closed for meat from Somaliland (Rass, 2006).

Margins downstream the value chain are high because of weak competition among traders, and limited opportunities for market entries because of lack of access to credit and lack of transparent markets.

Moreover, high transport and transaction costs arise because of illegal road taxation and weak infrastructure. In addition, the Absence of Letters of Credit for exporters contributes to export losses (Muhumed & Yonis, 2018).

Currency and tax extraction
Central governments are mainly interested in export of live animals to generate foreign exchange. There is limited public investments, and tax revenues may be 10 times the public investments in this sector (FIC, 2017).

Table 5 *Mapping finance as an indirect cause of vulnerability of pastoralists in Somaliland*

Causal driver	Intermediate actor	Financial organisation
Commercialization (supplying urban middle-class consumers, privatization of pastureland and water), is leading to shift of livestock from poorer to wealthier producers, and to degradation of social support systems. Pastoralist face competition from large and often capital-intensive production units.	Market actors Land & water actors	Financiers of wealthier producers and capital-intensive production
Market exclusion for export, due to weak competitiveness and/or health issues. Absence of Letters of Credit for exporters.	Traders, middlemen, brokers, butchers	Banks
Central governments are mainly interested in export of live animals to generate foreign exchange and taxes.	Exporters	Government/ tax authority

5.1.3 Identifying gaps in Finance for Resilience

This section identifies the main gaps in Finance for Resilience. The gaps are identified by discussing the limitations of the different finance options, and identifying possible solutions to these limitations (Table 6). The gap analysis covers options for risk financing and for social safety nets, and is based on literature and the expert workshops.

Gaps related to the Community level

Gaps related to Selling animals
At the community level, the primary shock-coping mechanism is *selling animals* in case of a shock. This mechanism is quite natural and functional in the absence of well-functioning financial markets. However, in case of a co-variate shock which affects many people at the same time (such as big drought), the problem is that everybody is selling animals and as result, animal prices drop significantly. This can lead to a negative spiral, in which pastoralists have to sell more productive animals to survive, thereby loosing earning capacity. Solutions for this problem may be cash for work in response to prolonged droughts, or emergency loans (with animals as collateral) which can be repaid after the shock.

Gaps related to the Hagbad system and Self Help Groups (SHG)
A more institutional solution is the traditional *Hagbad system*, which is widespread and plays a significant role in pastoralists' coping with financial risks. The strength of these systems lies in their proximity to the target group and their self-management. They are based on trust and most of them do consistently well. Limitations can be identified in the informal often oral agreements (see above), the mobile nomadic livelihoods of pastoralists, unstable incomes triggering repayment problems, and clan of family conflicts arising from repayment problems.

As a modernized variant of the Hagbad system, *community savings groups* and other self-help groups could be strengthened by temporary support programmes from development organisations. Usual ingredients are clarified rules and governance, transparent recording of transactions and reinforcement of the capital. In some contexts, it is possible to link savings groups to banks, to make their money management more efficient through mobile banking, and in some cases to get access to bank loans.

Gaps related to remittances
Remittances have suffered backdrops due to COVID-19, as the employment of the emigrants was threatened. The most important solution to counter this problem lies outside the regions where pastoralists live. Employment of the emigrants can be safeguarded through a variety of incentives that protect their self-employment or protect their jobs at commercial companies. Such incentives may include non-financial measures (licence to operate, COVID-19 health measures) as well as financial incentives (tax holidays, temporary subsidies to fixed costs, temporary subsidies to the wage bill, etc).

Gaps related to borrowing in the dry period
Borrowing in the dry period and repaying in the wet season is not an option for all, because few pastoralists have access to formal credit. Even informal credit is not accessible to all. Moreover, informal loans are often only orally agreed and not recorded in writing; this can lead to conflicts about repayment obligations. The first limited solution may lie in using witnesses for oral agreements, or in recording and notifying loan agreements – as well as disbursement and repayment transactions - with a savings group or with local leaders or authorities.

Borrowing can become a problematic debt if a drought continues for a longer time (1-2 years). There is no easy solution for this. In general, prevention and risk-preparedness is a suitable strategy, to make pastoralist households less vulnerable and more resilient to continued droughts. For a more in-depth analysis on that subject please refer to Roo, N. de and J. van der Lee (2021). Exploring vulnerability and resilience from a multifaceted and systemic perspective – Case studies in Ethiopia and Somaliland, on vulnerability and resilience profiles. A fall-back option – in case prevention and risk-preparedness are not sufficient - is the creation of social safety nets (see below under Public Finance mechanisms).

Gaps related to reducing consumption and postponing investment
Households that are faced with shocks often *reduce (food) consumption* and postpone investments. This can lead to nutritional problems, and to a loss of earning capacity. Solution is not easy and may be found in improving early warning and contingency planning, as well as the provision of other sources of income through new employment opportunities and safety nets.

Gaps related to traditional mutual support
Traditional solidarity support mechanisms, partly based on Islamic principles, are still in place and fulfil their function. Yet, there are some tendencies towards erosion of these mechanisms, as social differentiation and inequality increase and droughts are becoming systemic, affecting all pastoralists at the same time. This calls for re-engineering mutual support mechanisms, that can function under these new circumstances.

Gaps related to private finance options
Regarding the role of private financial institutions (banks, MFIs, SACCOs), their services are thriving around remittances and the mobile money network of the MNOs. The risks of a fragile state environment like Somaliland makes financial institutions quite risk-averse and conservative in their lending policies. This calls for a consistent effort to improve access to formal finance for pastoralists. This includes working on expanded outlet networks of banks and MFIs, on finance products suitable for pastoralists and on reduced financing risks and operating costs. Part of this effort lies in creating trust, good relationships, alternative collateral, solid track records and credit ratings. Also the extensive mobile money use could be leveraged to create other financial products, such as savings, loans and insurance.

Gaps related to public finance options
The Somaliland government is very much absent in the provision of financial responses to shocks, both in terms of policies and in terms of concrete measures. Most of the non-profit support – for example in social safety nets - comes from international disaster-response agencies, development organisations and donors. The limitations of their support are sustainability and community organisation. Sustainability is a problem because of the temporary project-based nature of development interventions, which makes it difficult to create a reliable support system that is

applicable to the whole population. The other problem is that communities are not well-organised to take the support further into a sustainable and permanent mechanism.

Table 6 *Gap analysis - finance for resilience for pastoralists in Somaliland.*

Main existing finance options	Gaps and limitations	Solutions?
A. COMMUNITY		
Selling animals in case of shock	Low animal prices in case of co-variate shocks	Cash for work, emergency loans
Hagbad system and SHGs	Transaction not recorded No fixed residence Repayment problems.	Witnesses and recording. Better ID registration Prevention of shocks and risk-preparedness. Reinforcing SHGs
Remittances	Reduced by COVID-19	Incentives to keep up emigrants' employment in cities and abroad.
Borrowing in dry period	Access for all Prolonged droughts Transaction not recorded	Reinforcing SHGs. Prevention & preparedness Witnesses and recording
Reduce consumption, postpone investment	Nutrition, lower earning capacity	Early warning Alternative sources of income and safety nets
Traditional mutual support	Erosion, thru inequality and systemic shocks	Re-engineering mutual support
B. PRIVATE		
Mobile money	Savings & loans missing	Use mobile money service to build responsible savings and loans services
Credit	Savings & loans missing No livestock insurance	Facilitate saving and credit for pastoralists Livestock insurance
C. PUBLIC		
Social safety nets	No government policies. Donor support not stable Communities not organised	Connecting stakeholders / collective response Efforts to organise communities

Asked about why these gaps are so persistent and haven't been resolved, the experts consulted suggested a lack of capable service providers in the community, to help the communities help themselves. In a wider perspective, this indicates a meagre level of institutions in the pastoralist communities, with a largely absent government, NGOs who come and go, low levels of organisation of the communities themselves, and sparsely present services. In the different relevant domains, including finance, this calls for long-term investments into building social and institutional networks that could improve support services to this target group.

5.1.4 Setting responsible finance priorities

In this section the assessment team draw up the top-3 priorities for the finance agenda for resilience, related to pastoralists in Somaliland (Table 7). This priority agenda is based on:
- the identified gaps (5.1.3)
- principle of do-no-harm / do good
- taxonomy provided above and the
- expected opportunities

Reinforcing community-based mechanisms
The first priority is reinforcing community-based mechanisms for financial resilience. This priority consists of four actions:
1. The first action is to invest in shock prevention and preparedness: savings, loans and insurance cannot smoothen out the effects of shocks, if the shocks are too large to be smoothened. Communities must mobilize themselves to enhance prevention and preparedness and should be supported in this endeavour by the government and by development actors.

2. The second action is to minimize the risk of conflicts in Hagbads by enabling a more formalized and reliable recording of loan obligations.
3. The third action is to thicken the network of self-help groups, by upgrading existing Hagbads and SHGs, and by deploying SHGs in places and segments where such groups are not yet operating. Donors should make sure that such groups do not operate in function of the project, but the other way around. And the government should work with the sector to create an enabling policy environment for SHGs.
4. The fourth action is making sure that government and donor support, in areas such as social safety nets, disaster preparedness and community finance, reinforce the community-based mechanisms for resilience. As government is relatively absent, and donors and projects are temporary, they should make sure that their efforts land in community-based structures that can continue to operate when donors have left.

Access to formal finance for pastoralists

The second priority is to work on access to formal finance for pastoralists. Banks, MFIs and mobile money companies should be supported to make their services more useful and affordable for pastoralists and their communities. This could take shape by expanding the outlet network (branch offices, mobile van banks, agent banking), reinforcing the ID system to facilitate KYC procedures, applying digital money accounts for Hagbad and SHGs and for creating track record for credit provision. Developing a livestock insurance, with premiums partly subsidized, may help to make pastoralists less vulnerable to shocks, and may also provide a stimulus to risk prevention measures.

Financial instrument to create employment outside pastoralism

The third priority is to use financial instruments to create employment outside pastoralism. With the increasing inequality among pastoralists, pastoralism will no longer be a viable livelihood for the more marginalized groups. They – or their children - will increasingly depend on (self-)employment in other sectors. This calls for a boost in financial services for SMEs and agri-businesses who can provide employment. Such SMEs may be commercial pastoralists, or agri-businesses in animal products or in agriculture and agroforestry, but also other businesses that create urban employment in the provincial towns and cities and the national capital. This requires banks, MFIs and urban SACCOs to develop financial services for SMEs. In addition, it requires the government and the entrepreneurial sector to improve the business climate in the country.

Table 7 *Top-3 priorities - Finance for Resilience agenda for pastoralists in Somaliland*

Topic	Action	Organisations involved?
1. Reinforcing community-based financial resilience mechanisms	• Invest in shock prevention and preparedness • Enable recorded agreements within Hagbad system, to prevent conflict • Deploy improved Hagbad and SHG networks, in a consistent national policy framework • Make sure that government and donor support (social safety net measures, public risk transfer) reinforce community-based financial resilience mechanisms and do not erode them	• Ministry of Agriculture, Livestock and Natural resources • Development organisations / donors working with SHGs
2. Making financial services of MFIs and banks more accessible, useful and affordable for pastoralist communities	• Create a task force to explore how financial services for pastoralists can be improved, and to monitor progress with that • Broaden the network of bank outlets in rural areas • Subsidize and reinforce (digital) unique ID systems, to create trust • Offer digital savings and loans to informal savings groups (Hagbad and similar) • Exploit remittance revenues (thru mobile money), to create track record for small loans • Develop livestock insurance, with premium subsidy; combined with preventive measures to limit risk of animal death	• Central Bank (supervision) • Local banks and MFIs (Dahabshiil Bank, Amal Bank, Kabaah MFI) • Mobile money services (Zaad/Telesom, E-Dahab/Somtel, Sahal/Golis) • Ministry of Agriculture, Livestock and Natural resources • Development organisations / donors working with microfinance and responsible finance
3. Making financial services more supportive to innovation and entrepreneurship, which creates employment and livelihood opportunities in pastoralist communities	• Boosting financial services for SMEs that can create employment (commercial pastoralism, agribusiness, non-agri enterprises in rural and urban areas) • Improving business climate for local SMEs that generate employment	• Local banks (see above) • Chamber of Commerce • Associations of entrepreneurs • Ministry of Trade, Industries and Tourism

5.2 Migrating laborers in the sesame sector in Ethiopia

Production seasons and migration

The sesame growing lowlands of northwest Ethiopia not only produce sesame for export, but they form a food basket and employment opportunity for people from other areas.

Differences in the agricultural production seasons and crops between the lowlands and highlands contributed to complementary use of the labour force. Ethiopia’s two grain growing seasons are belg and meher. Belg is the shorter season from February to April, and meher is the main season from May to September. Grain production (including mainly corn, wheat, sorghum, barley, and teff) greatly depends on rainfall patterns during the belg season (PREP, 2020).

Generally, there are two waves of massive labour movements in the sesame sector: July for weeding and September for harvesting and threshing sesame. Before going to the lowlands, poor farmers plant their belg crops. After finishing sesame and sorghum weeding in the lowlands, they return home for harvesting belg crops and sowing wheat and/or teff. The time gap between sesame flowering, setting pods and maturity allow the labourers to finish their wheat and teff weeding before going back to the lowlands for sesame harvesting and threshing. Movements within the zone, woreda[6] or kebele [7]are thus determined by availability of jobs.

Laborers

Annually the sesame area employs 500-600 thousand seasonal labourers that work on average 40-45 days and cover 75% of the workload. Conventional method of sesame production requires 27 labour days per hectare. The migrant labour force cover 70% of the weeding, harvesting and threshing activities. Mirab Armachiho, Metema and Quara in Amhara, and Kafta Humera in Tigray, are the most external labour force dependent woredas (WCDI, 2020).

The current sesame sector case focuses on migrating laborers working in the Metema woreda, part of the West Gondar zone in the Amhara Region of Ethiopia. Most of the labourers (mostly men between 35-50 years) come from highland areas within the region (mainly from Belessa, Dembia, Gaynt woredas and Gojam and Wollo areas). Only a small proportion of seasonal laborers own land in their place of origin (<5% of labour force). These laborers complement their farm income with off-farm income from working temporarily in the sesame growing area, which they then often invest in renting land.

Youth, including students, depend on their family but also support their family with income earned from causal labour in the sesame sector (15% of labour force).

Another group are single and young workers who earn income from labour in the sesame sector and off-farm activities (40% of labour force). Newly arrived in the region working as casual laborers constitute 40% of the labour force. The resilience differs between the identified groups, which is further elaborated in this paper.

Drivers of vulnerability

One of the key shocks that has impact on migrants is change in the prices of sesame in the global market. The vulnerability of migrants to sesame market price shock primarily results from the integration of migrants into a globally network and dictated commodity market. However, there are multiple and interacting factors causing or exacerbating the effects of this global force. These include a decline in the quality of sesame (driven by rainfall variability), lack of diversification of Ethiopian exports, overdependence of Ethiopian sesame export on the Chinese market, the responses of migrants to market shocks, and the absence of institutional support to the sesame sector and to migration-based livelihood activities.

Migrating laborers suffered substantially from the COVID-19 pandemic. Most of them could not work as laborers in the sesame growing area in 2020 due to the COVID-19 epidemic and the associated travel restrictions. The labourers were not allowed to go to the farm camps in order to prevent spreading of the virus (from higher altitude zones to sesame growing areas and vice versa). Transporters were reluctant to provide transport service and charged three to fourfold the usual transport tariff. As reported in one of the FGDs laborers could only work 2 to 3 days per week in their home village, while in in the sesame area they would have worked the whole week.

More detail about the characteristics of migrating laborers in the sesame sector in Ethiopia and their vulnerabilities, can be found in: Roo, N. de and J. van der Lee (2021). Exploring vulnerability and resilience from a multifaceted and systemic perspective – Case studies in Ethiopia and Somaliland. In the current vulnerability analysis we only focus on the migrating laborers in the sesame growing areas, while the families also face severe shocks and stressors in their place of origin as well (which is one of the reasons that people migrate).

---

[6] Woredas typically form together zones, which in turn form a region.

[7] Kebele are municipalities. They are the smallest administrative division.

5.2.1 Mapping access and use of finance options

Migrating laborers in the sesame sector in Ethiopia apply numerous finance options to cope with adversities. The table below describes the different mechanisms, and makes a distinction between normal circumstances (which already include adversities) and those under shock circumstances (Table 8). In general, at an average wage of 100 ETB per day (around US$ 2.50), they earn some 5000 ETB per season. This is a significant amount of money, especially for landless farmers from food insecure areas, jobless youth and students (WCDI, 2020).

5.2.1.1 Use of risk financing options

Dissaving and divesting assets

Migrating laborers need savings to travel (Mersha, 2018). In case migrating laborers have insufficient savings to travel, some labourers sell assets, in order to pay the transport to the sesame region. However, the opportunities of generating cash by means of selling assets depend on the "home" situation of the migrating laborers. Moreover, vulnerabilities in adverse times depend not only on migrants' asset endowments, but also on the social protection mechanisms the government put in place or the lack thereof (Akampumuza and Matsuda,2016; Casale et al., 2010).

Equb system (rotating savings and credit system)

Labourers from the same village usually help each other, although most of them have limited financial capacities. Some laborers make use of the Equb[8], which is a merry-go-round or rotating savings and loans system in which every member (i.e., laborer) contributes some amount of money periodically, and the collected money will be given to the one in line (Aredo 1993). Similarly it is quite common for Ethiopians to be member of an Edir, which is an traditional informal funeral society. Laborers also borrow money from one another to solve acute problems. There are women preparing food, and when a laborer is in short of cash they provide food on credit basis (Jurera). Usually, no collateral is needed but if one is a newcomer, he has to provide a collateral (usually mobile phone) or provide a sponsor who is known in the area and willing to pay for the food if something goes wrong.

Remittances

Remittances from family in cities or abroad are important and household specific. More general migration statistics not specific to sesame reveal that 10% of households have access to transfers. More non-migrant households (15%) have access to transfers as compared to non-migrant households in general (7%), with statistically significant difference between migrant and non-migrant household (Ayele & Degefa, 2019). Remittances have decreased, as a result of COVID-19 affecting also families in cities or abroad.

Reducing household expenses

In the lean season household consumption is reduced. In response to a shock household consumption is even more reduced and investments are postponed (Mersha, 2018). Migration is also a strategy to reduce household spending since any family member who is away does not need to be fed by the family.

Employer advance payments

For migrating laborers advance payments are made by the sesame farmer. The "Contratto deal" is a bilateral incentive-based arrangement. The farmer offers the hired group a specific amount of money to perform a certain job on a given amount of land. The farmer offers housing near the farm to the labourers as well as sufficient food for the group (Van der Mheen-Sluijer and Cecchi, 2011).

Credit

There is relatively limited uptake of formal credit (Mersha, 2018). In case of formal credit, the key requirements are that the applicant has to live in the village/kebele permanently and needs to be evaluated by the credit committee of the kebele for credit eligibility. Due to this, migrants can't fulfil this criterion. Likewise, in case of informal credit, there is a need to show guarantee. Opportunities for

[8] Equb is sometimes written as Iqub or Iqqub, as vowels are not written in Amharic. Similarly, Edir is sometimes written as Iddir.

increased uptake of credit from formal and informal sources are also limited. However, migrants' statistics not specific to sesame reveal that non-migrant households have less access to informal or formal credit (33%) than migrant households (41%), although this is not statistically significant at 5% level (Mersha, 2018). Migrant workers say they that it is easier to get informal loans in the sesame area, from other workers or from the investor farmers, because there is more cash around and they earn more money.

Table 8 *Mapping existing finance options for risk coping for migrating laborers in the sesame sector in Ethiopia.*

Main existing finance options	Distinguish normal circumstances and shock response
A. COMMUNITY	
Dissaving and divesting assets	**Normal:** Migrating laborers need savings to travel **Shock:** Much depending on "home" situation of migrating laborer
Egub system	**Normal:** Merry-go-round or rotating savings and loans system. **Shock:** Informal support used to finance (health) emergency expenses.
Remittances from family in cities or abroad	**Normal:** Less than 10% of migrating laborers have access to transfers. **Shock:** As a result of COVID-19 remittances have decreased.
Reducing household spending	**Normal:** Reducing household consumption in lean season. **Shock:** Additional reducing household consumption and postponing investments.
B. PRIVATE	
Employer advance payments	**Normal:** Bilateral incentive-based arrangement ("Contratto"). **Shock:** Payment arrangements do not foresee risks as COVID-19, prices shocks or erratic rainfall.
Credit	**Normal:** Limited uptake of credit from formal and informal sources. **Shock:** Opportunities to increase credit is also limited.

5.2.1.2 Use of social safety net options

Traditional forms of social safety nets
Usually, labourers jointly contribute money to help those fellow labourers, who face serious health problems. The support enables the sick to finance the required medical treatment and facilitates repatriation to their families in case a labourer is unfit to continue working in the ongoing season. In addition, investor farmers / farm managers also tend to lend money to their laborers in emergency because of the close relationship or provide advance payments.

There are also existing public social safety net options in Ethiopia (e.g., Productive Safety Net Program, and direct cash transfers) but not targeted towards migrating laborers in the sesame sector (Table 9).

Productive Safety Net Program
The Productive Safety Net Program (PSNP) by the Government of Ethiopia targets food-insecure household (not specific to migrant casual laborers but does include households who send migrants to sesame areas). PSNP operates in chronically food insecure districts (woredas) in several Ethiopian regions[9]. Approximately, 8.3 million people are reached (2015-2020). The program provides cash and/or food transfers to food insecure households. Households that have able adult labour engage in public works and receive transfers for 6 months of the year. Households without labour capacity, i.e., permanent direct support clients, receive 12 months of unconditional transfers and are linked with social safety net services (Rizzo, 2011).

Direct cash support
Direct cash support is provided by the Government of Ethiopia, NGOs and individuals (not specific to migrant laborers) (Mersha, 2018). Part of the vulnerability of migrants' stems from the lack of formal

[9] Afar, Amhara, Oromia, Somali, Southern Nations, Nationalities, and Peoples' Region, and Tigray.

social safety nets related to market risks and possibly to any other forms of shocks for the sesame producers (Akampumuza and Matsuda, 2016; Casale et al., 2010).

Table 9 *Mapping social safety net options for migrating laborers in the sesame sector in Ethiopia*

Main existing social safety net options	Distinguish normal circumstances and shock response
A. COMMUNITY	
Traditional forms of social safety nets	**Normal:** Mechanisms to support sick laborers**.** **Shock:** Break-down of social mechanisms during shocks when sesame farmers are not able to hire seasonal workers.
C. PUBLIC	
Productive Safety Net Programme (PSNP)	**Normal:** Social safety net program by the Government of Ethiopia but not specific for migrant laborers in sesame sector (but does include households who send migrants to sesame areas). **Shock:** The government supplies laborers food assistance (wheat).
Direct cash transfers	**Normal:** Only limited direct cash support from government and NGOs to migrant laborers. **Shock:** Lack of formal social safety net during shocks.

5.2.2 Mapping finance-related causes of vulnerability

The focus of this section is to answer the questions whether the behaviour of financial actors and institutions can be a cause of vulnerability of migrating laborers in the sesame sector in Ethiopia. This can be through direct interaction between financial institutions and migrating laborers (Table 10), or indirectly if financial institutions affect the lives of migrating laborers through their services to companies or other economic actors (Table 11).

5.2.2.1 Finance as a direct cause of vulnerability

No examples were found where financial actors or institutions did direct harm to the interests of migrant workers, such as poor treatment of clients or situations of over-indebtedness.

Exclusion

The most important direct shortcoming lies in the exclusion of migrant workers as clients. Migrant workers that are excluded from financial services or social safety nets, cannot make use of these services as risk-coping mechanisms. The exclusion takes shape in several ways:

- Limited use of merry-go-round for migrating laborers: Some form of an informal association does exist (referred to as "Equb" and other forms of saving and self-help in the country).
- Limited access to credit for migrating laborers: in their home towns access to formal (MFI) credit is limited for migrant workers because it requires the applicant to live fulltime in the village. Also informal credit is more scarce because the home towns are poorer. In the sesame production regions it is relatively easier to get informal loans or advance payments.
- Lack of (mutual) healthcare insurance: Since the area is harsh and the working conditions are poor, labourers suffer from different diseases and therefore, spend more on medical treatments. For example, labourers buy malaria medicine for 150 ETB (government provides insufficient amounts for free). Currently, affected laborers depend on their own limited resources and on the financial help of fellow laborers. The current social institutions, such as Egub (local money saving association) and Edir (local burial associations), do not seem to provide specific financial assistance in case of medical needs.

Table 10 *Mapping finance as a direct cause of vulnerability of migrating laborers in the sesame sector in Ethiopia.*

Causal driver	Financial actors
Exclusion:	
Limited use of merry go round for migrating laborers	Equb
Limited access credit for migrating laborers	Equb, MFIs, Banks
Lack of (mutual) healthcare insurance	Equb, Edirs, insurers, MFIs, Banks

5.2.2.2 Finance as an indirect cause of vulnerability

The following section sheds light on a few indirect causes of migrant workers' vulnerability, through the financial actors' engagement with other actors in the value chain (Table 11).

No indirect harm

The assessment team found no situations in which financial actors were co-responsible of harm done to migrant workers in any tangible manner. The vulnerability drivers found are more related to structural mechanisms in the economy around migrant workers, and in which financial actors follow the sectors where their capital can be invested profitably.

Indirect causes of financial vulnerability and living and working conditions of migrating laborers mainly depend on the type of employer. For the purpose of this case study two different types of employers were identified, namely smallholder sesame farmers and large-scale investors. Smallholders depend on hired labour for 60% of their field operations, the remaining 40% is covered by family labour. Investor farmers fully depend on hired labour for farm activities, except for ploughing where tractors are employed.

In general, COVID-19 measures reduced labour availability and reduced sesame production and export earnings (WCDI, 2020). It also triggered travel restrictions, higher travel fees and lodging restrictions for the migrant workers.

Smallholder farmers

Smallholder farmers are vulnerable to external shocks and crop losses, especially those who are unable to build up financial capital. In the absence of a cooperative structure, smallholders are least likely to accumulate assets that can help them to mitigate risks. Note that in general hired laborers, while facing a lower income potential are slightly more protected against external shocks than the farmers, since they can easily switch to work in other crops while sesame farmers once they saw the crop are limited by it. (Kostka and Scharrer, 2011).

Investor farmers

Large-scale investors on the other hand have better access to savings and loans to mitigate risks. Large-scale investors tend to achieve higher total profits due to the amount of land they cultivate. However, this does not necessarily benefit paid laborers working for investors' fields as they are hired temporarily with no minimum income security (Kostka and Scharrer, 2011).

Table 11 *Mapping finance as an indirect cause of vulnerability of migrating laborers in the sesame sector in Ethiopia*

Causal driver	Intermediate actor	Financial organisation
Profit margins for smallholder sesame farmers are low affecting wage and hampering provision of adequate housing.	Smallholder farmers	MFIs
Large-scale sesame investors enjoy more financial security due to their accumulated assets. However, investments require more capital and business model is more specialised (lack the ability to stabilise income by means of crop diversification). Long-term viability is essential to ensure employment rates.	Exporters	Banks

The relevant laws and regulations with respect to working conditions of laborers have limitations as it does not address labourers working conditions on medium and small farmers' lands by the Labour and Social Affairs office. They are mandated to follow-up and support only those labourers working on large/investor farmers' field. Also, the institution which provides investment agreements to investor farmers and the one which is mandated to follow-up implementation according to the agreement are represented by different government bodies. The linkage between the involved government bodies institution is relatively poor, which contributes to the persistence of the tension between employer and employee.

5.2.3 Identifying gaps in Finance for Resilience

This section identifies the main gaps in Finance for Resilience. The gaps are identified by discussing the limitations of the different finance options, and identifying possible solutions to these limitations (Table 12). The gap analysis covers options for risk financing and for social safety nets, and is based on literature, focus group discussions and the expert interviews.

Gaps related to the Community level

Gaps related to the Egub system and Self Help Groups (SHG)
Migrant laborers low earning potential contributes to a limited saving culture. Savings might increase if there are better employment and income opportunities, or if membership of village savings and loans groups (Equb and other forms of SHGs) is further promoted.

Gaps related to borrowing
If they need to borrow money, interest rates are high and borrowing periods are short. As a result, laborers tend to borrow money from family members and from fellow workers. In this environment, it is challenging to build up a credit history. Access to credit might be improved by increasing the coverage (breadth, depth) of the village savings and loans groups (Equb, Edir and others), and by having MFIs create specific credit services suitable for migrant workers. In all these cases, maintaining a good repayment discipline is needed to create and confirm trust.

Gaps related to divesting assets and reduction of consumption
In case of shocks, laborers tend to sell assets even at low market prices, and to reduce consumption if there is room for that. Assets, however, are limited and are in use in the household. An option might be to use assets as collateral for an informal loan, rather than selling them.

Gaps related to employer advance payments
In case a laborer has built good relationship with his employer, advance payment or loan from the employer can be a complementary option to cope with shocks. The limitation is that it takes time – sometimes years - to build a trust relationship with the employers. Another limitation is that not all employers have sufficient liquidity themselves during the harvest season; this might be mitigated if MFIs could provide sufficient harvest credit to the farmers.

Gaps related to remittances
Remittances can provide help in normal situations; however, as result of COVID-19 it has also been reduced. This illustrates the volatility of the remittances in harsh times, and indicates that it might be best to save or invest the remittances, so that it generates a more lasting income, rather than spending them directly. Other than that, it is not easy to influence the source of reduced remittances: the increased unemployment of workers abroad.

Gaps related to private finance options
It is challenging for migrant laborers to access credit at private financial institutions (banks, MFIs) due to stringent preconditions with limited flexibility. Also there have been tendencies among Ethiopian MFIs to be somewhat narrowly focused on keeping repayments high, and not always giving equal priority to client sensitivity and social responsibility (Hermes & Hudon, 2018). There may be scope for improvement in developing tailor-made financial products for the migrant laborers.

Gaps related to public finance options
The Ethiopian government provides some disaster relief complementing the Social safety net program which is not specific for migrant laborers in sesame sector. The lack of public support is its limited sustainability.

Table 12 *Gap analysis - finance for resilience for migrating laborers in the sesame sector in Ethiopia*

Main existing finance options	Gaps and limitations	Solutions?
A. COMMUNITY		
Saving and dissaving	Low income hampering ability to save Low saving culture	Increase income Organize village level saving and credit (Equb/ SHG)
Borrowing	High interest rates (especially informal money lenders) Often for brief period Need to have someone close to you like family, friend to borrow from Lack of credit history	Organize village level saving and credit (Equb/ SHG) Access credit from MFI's Develop trust by paying on time
Divesting assets	Insufficient assets May be sold at low price (considered as salvage) May be used for other purposes	Use as collateral rather than selling the assets
Reduce consumption	'icult to reduce basic livelihood needs	Limited options other than increase resilience in general
Employer advance payments	Limited use unless they develop mutual trust through long years of working together Liquidity limitations of farmers during harvest	MFI (pre- and post) harvest loans for the farmers, and for the buyers of the sesame
Remittances	Reduced by COVID-19 The amount of money depends on the willingness of the provider Not often or regularly, only for some occasions	Invest gifts in assets that can earn money regularly
B. PRIVATE		
Credit	Stringent preconditions with limited flexibility Mainly interested on the loan repayment than working on the effectiveness of the loan to the borrower	Ease the collateral requirements Work with MFIs on social performance and client-sensitivity. Provide the loan based on well-studied project proposal Provide awareness training to clients
C. PUBLIC		
Disaster relief support	Provide relief to solve only the current problem	Develop a system that focus on sustainability Use the system approach Make the social safety net policies more relevant and accessible to migrant workers' households

5.2.4 Setting responsible finance priorities

In this section the assessment team draw up the top-3 priorities for the finance agenda for resilience, related to migrating laborers in the sesame sector in Ethiopia (Table 13). This priority agenda is based on:

- the identified gaps (5.2.3)
- principle of do-no-harm / do good
- taxonomy provided above and the
- expected opportunities

Promote savings, credit and insurance at local/village level
The first priority is to improve the saving capacities of laborers, and to engage them in improving their income generating activities on the long term. Established community-based organisations (CBOs) like Saving and Credit groups (e.g., "Egubs", SHGs) need to be encouraging a more oriented saving culture (Enhanced Rural Self Help Association, 2018).

The local Saving and Credit groups (e.g., "Equbs", SHGs) could also reinforce their emergency support function, by establishing some kind of mutual healthcare insurance. The events usually covered by a social fund could include major disasters at household level (e.g., a house fire), medical costs or any other emergency situation defined by the group in the group constitution (Saksena et al 2011, D'Anjou 2011). For example, the social fund in Village and Savings Associations (VSLAs) by CARE is disconnected from the loan fund. Each member contributes an equal amount to the social fund, which is kept separate from the loan fund and is never used for loans. This is mainly because emergencies cannot be predicted, and some money must remain accessible to the members for emergency situations (https://care.org/our-work/education-and-work/microsavings/vsla-101/).

Promote innovative microfinance for migrant workers
The second priority is to stimulate microfinance organisations (governmental or private) and rural SACCOs[10] to develop savings and loans services specifically for the migrant workers' segment. In view of the seasonal migrations of this target group, and their home and destination regions, such services might be linked to the emerging mobile money services in Ethiopia. Different from many other African countries, the mobile money services in Ethiopia are not an initiative of the mobile money operators (MNOs) but rather of government-related MFIs (case of m-Birr) or private banks (case of Hello Cash) (Wattel 2019). This could in principle enable the creation of innovative services for migrant workers.

Follow-up contractual agreements
The third priority is to follow-up more strictly the mechanisms in the government regulation of investor farmers, and the labourer and employers contractual agreements (Gobbi 2006). Such agreements are beneficial for both the labourer and employer but not applied properly. For example, improving the working and living conditions (e.g., access to clean drinking water) mitigates the risk of (work related) health issues and excessive cost of medical treatment. Also the advance payments scheme "Contratto deal" stipulates that the farmer offers housing near the farm to the labourers as well as sufficient food for the group.

Table 13 *Top-3 priorities - Finance for Resilience agenda migrating laborers in the sesame sector in Ethiopia*

Topic	Action	Organisations involved?
1. Promote saving, credit and insurance at local/village level, enlarging access to migrant workers	• Start with locally existing saving and credit groups (Equbs and other SHGs) which can be developed into community owned financial institutions • Analyze and address limitations of membership for migrant workers • Reinforcing the emergency fund function of Equbs, into a basic mutual insurance fund.	• Equbs/ SHGs • Insurers • Development organisation / donor engagement
2. Develop innovative finance services of MFIs, SACCOs and mobile money services	• Analyze and address limitations of membership for migrant workers • Develop specific services for migrant workers	• MFIs and SACCOs • Mobile money networks • Organisations of (or working with) migrant workers • Development organisation / donor engagement
3. Follow-up contractual labour agreements	• Audit working and living conditions to mitigate work related health issues • Facilitate employer advance payments	• Sesame investor farmers • Government bodies such as Labour and Social Affairs office

[10] A savings and credit cooperative society (SACCO) is a financial institution that is owned and controlled by members according to democratic principles for the purpose of encouraging savings, using pooled funds to give loans to members at reasonable interest rates, and providing related financial services to enable the members to improve their economic and social conditions.

6 Synthesis

In this paper we developed a rapid assessment tool to analyse the relationship between finance and resilience, and we tested this FORTE tool for two specific vulnerable groups in Somaliland and Ethiopia.

The *point of departure* for applying the FORTE tool is the selection of a specific actor group in a specific country or region; the tool does not aim to identify this group, but takes the selected group as an entry point. Another point of departure is the assumption that finance could be a priority – or at least a relevant - policy or investment instrument, to enhance resilience for this target group; the FORTE tool does not compare finance with other possible policy instruments.

We learnt that the FORTE tool effectively helps to make a *systematic rapid assessment* of finance for resilience for the actor group at hand. The tool applies a clear-cut sequence of mapping (steps 1 and 2), gap analysis (step 3) and priority setting (step 4). Nonetheless, *two steps require specific attention*. Step 2 (finance-related causes of vulnerability) might generate limited cases of direct harm, simply because vulnerable groups are often not a client of formal financial organisations. The analysis may therefore need to lean more on indirect pathways, and on direct harm done by informal finance channels; the former is more complicated to analyse, the latter is less documented. Step 4 builds on the previous steps but requires a level of enrichment and in-depth reflection to formulate consistent and actionable policy and investment priorities. It seems valuable to formulate these three priorities on a somewhat more aggregate level than the individual ingredients in the first 3 steps.

The application of the FORTE tool requires *flexibility in the data collection*. In the two test cases, the tool was applied for a desk study based on literature, enriched with insights from the field through expert workshops and focus group discussions respectively. This illustrates that mixed methods are needed to collect relevant insights about this topic. Due to COVID-19 travel restrictions, the team had to lean on online interaction, complemented with support from a locally present field team for the focus group discussions with constituents of the target group. Public literature about these vulnerable actors groups is often scarce, which confirms that they are less visible for policy makers and investors. Literature sometimes relates to the same actor group, but in a different region or crop sector, or vice versa. Therefore one of the goals of the interaction with the field actors is to verify to what extent the literature findings indeed apply to the specific group and region at hand.

Applying the FORTE tool *requires a team* with a certain level of professional experience and seniority, to combine available – often scattered - data and insights, and to develop actionable priority recommendations on the basis of the mapping and the gap analysis. Field experts consulted should have a multi-disciplinary overview on the target group and on the context conditions at micro, market and institutional levels. They should also be able to navigate between the domains of vulnerability, resilience, finance, and interventions of humanitarian, development and private sector nature. Focus group discussions with constituents of the target group make it essential to relate to a field team that can carry out such focus groups.

The tool is available in a fill-out version, to facilitate its rapid application by other practitioners and researchers. The example cases related to Somaliland and Ethiopia serve as examples how the tool is intended to be used.

The FORTE tool works best in a sequence with other studies or rapid assessment tools: firstly an instrument to identify the vulnerable actor group and country/region to focus on and to identify their vulnerability and resilience profiles, and secondly an instrument to pre-select policy domains that could be most relevant for this actor group. Once finance is identified as a potentially important policy domain for this group, the FORTE tool can be used to analyse how finance can influence vulnerability, and how finance can contribute to resilience. The FORTE tool should not be seen as a replacement for an in-depth study on finance and resilience, nor can it serve as a replacement for multi-thematic tools or studies into vulnerability and resilience.

The WUR team remains interested to receive feedback from other practitioners on the application of the tool. Feedback can be sent to Ms Monika Sopov at monika.sopov@wur.nl.

Credits: *www.sbnethiopia.org*

References

Akampumuza, P., & Matsuda, H. (2016). Weather shocks and urban livelihood strategies: The gender dimension of household vulnerability in the Kumi district of Uganda. The Journal of Development Studies, 53(6), 953-970.

Altai Consulting, 2017. Mobile money in Somalia – household survey and market analysis, Study for the World Bank, April 2017.

Aredo, D. 1993, The informal and semi- formal financial sectors in Ethiopia: a study of the Iqqub, Iddir, and Savings and Credit Co-operatives, Research Paper 21, October 1993, Nairobi: African Economic Research Consortium.

Ayele, L. & Degefa, T., 2019, Linking local vulnerability to global sesame market price: The case of temporary rural-rural migrants from Quarit district, Ethiopia. *Research in Globalisation* 1 (2019) 100004, http://dx.doi.org/10.1016/j.resglo.2019.100004

Casale, M., Drimie, S., Quinlan, T., & Ziervogel, G. (2010). Understanding vulnerability in southern Africa: comparative findings using a multiple-stressor approach in South Africa and Malawi. Regional Environmental Change, 10(2), 157-168.

COMESA-CAADP, 2009. Policy Framework for Food Security in Pastoralist Areas, Consultative Draft, 2009. Common Market for Eastern and Southern Africa, CAADP Pillar III.

Concern, 2020. Mapping of Financial Services for SHGs and Barriers for Women to Access Microfinance Services in Somalia. May 2020.

Criado Perez, Caroline (2019). Invisible Women. Exposing data bias in a world designed for men. Vintage Books, London.

Daily Maverick 2019, Somaliland: old Challenges, new solutions, Somaliland, published by UNPO, 12 September 2019 https://unpo.org/article/21660

D'Anjou, J. 2010, Reinsurance of micro-health insurance in India; a qualitative, explorative market analysis, MSc Thesis, Wageningen: Wageningen University/ International Development Studies and Groningen: Groningen University/ International Relations and International Organsations.

Enhanced Rural Self Help Association, 2018. Assessment Report on the Socio-Economic Situations of Social Minorities and Marginalized Groups of Dita Woreda, Gamo Zone. Addis Ababa: Enhanced Rural Self Help Association.

FIC, 2017. Pathways to Resilience in Pastoralist Areas: A Synthesis of Research in the Horn of Africa. Boston: Feinstein International Center, Tufts University, 2017.

FoSRA, 2020. Food System Resilience Assessment - Somaliland Report - building food system resilience in protracted crises, Wageningen Centre for Development Innovation, draft report, September 2020.

FSAU, 2001. Pastoralists under pressure, issue of the FOCUS series, October 2001Food Security Analysis Unit (FSAU), Rome: FAO.

Geleta, 2017. Inclusive financial services in pastoral areas of southern Oromia, Afar, and Ethiopian Somali regions: opportunities, implementation challenges, and prospects, Proceedings of "Haramaya University -Research for Enhancing Pastoralists Livelihood Through Resilience and Market Expansion (HU-PRIME) project research activities, Vol 1, 2017. Dire Dawa (Ethiopia): Haramaya University.

Gobbi, M.S. de, 2006, Labour market flexibility and employment and income security in Ethiopia: alternative considerations. Employment Strategy Paper 2006/1, Geneva: ILO.

Hermes, N. & M. Hudon, 2018, Determinants of the performance of microfinance institutions: a systematic review, 2018008-EEF, Groningen (NL): Faculty of Economics and Business, University of Groningen.

ILO, 2013. Financial sector diagnostic study for Hergeisa, Somaliland. Geneva: ILO.

Kostka, G. and Scharrer, J., 2011. Ethiopia's sesame sector. The contribution of different farming models to poverty alleviation, climate resilience and women's empowerment. Oxfam Research Reports.

Majid & Musa, 2020. Somaliland and COVID-19: Emerging Issues and Economic Impact, Blog of 23 April 2020, LSE's Conflict Research Programme Blog, London UK: London School of Economics

and Political Science. https://blogs.lse.ac.uk/crp/2020/04/23/somaliland-and-Covid-19-emerging-issues-and-economic-impact/
Majoka, Z., 2017. In Somalia, resilience can be strengthened through social protection, blog published on Voices/ World Bank blogs, 23 Aug 2017, https://blogs.worldbank.org/voices/somalia-resilience-strengthened-through-social-protection-system?cid=SHR_BlogSiteEmail_EN_EXT
Mersha, L.A. 2018. Temporary Rural-rural Migration, Vulnerability of Migrants at the Destination and Its Outcomes on Migrant Households: Evidence from Temporary Migrant Sending Households in Quarit District, Northwestern Ethiopia. PhD Dissertation Submitted to The Center for Environment and Development Studies, College of Development, Addis Abeba University.
Muhumed, M.M.; Yonis, A.M., 2018. The Future of Somaliland Livestock Exports: Examining the Sustainability of Livestock Trade. International Journal of Management, Accounting and Economics. Vol. 5, No. 8, 2018.
PRI, 2020. Principles for responsible investments. What is responsible investment? https://www.unpri.org/an-introduction-to-responsible-investment/what-is-responsible-investment/4780.article
OECD, 2009. Managing Risk in Agriculture: A Holistic Approach, OECD Publishing, Paris.
OECD, 2014, A Calculated Risk: How Donors Should Engage with Risk Financing and Transfer Mechanisms, OECD Development Co-operation Working Papers No. 17. https://dx.doi.org/10.1787/5jz122cn65s6-en
PREP 2020, Ethiopia – Climate and Agriculture, Story at the PREP data website, Partnership for Resilience and Preparedness, Earth Systems Science Center/ University of Alabama https://www.prepdata.org/stories/ethiopia-climate-and-agriculture
Rass, Nikola, 2006. Policies and Strategies to Address the Vulnerability of Pastoralists in Sub-Saharan Africa, FAO Pro-Poor Livestock Policy Initiative (PPLPI), PPLPI Working Paper no 37, Rome: FAO.
Rizzo, M. 2011, Rural wage employment in Rwanda and Ethiopia: A review of the current policy neglect and a framework to begin addressing it. ILO Working Paper 103. Geneva: ILO.
Saksena, P., Fernandes Antunes, A., Xu, K., Musango L., Carrin G., 2011, Mutual health insurance in Rwanda: Evidence on access to care and financial risk protection, *Health Policy* 99 (2011) 203–209.
UNICEF, 2014. Designing social protection frameworks for Somaliland, Final Report, December 2014.
Van der Mheen-Sluijer and Cecchi, F., 2011. Benefiting from the gold rush Improving smallholder sesame production in Ethiopia through contract farming. VC4PD Research Paper, No. 13. The Hague: Ministry of Foreign Affairs Government.
Wattel, C.J., 2019, Debriefing Note - Technical support mission Agri-Finance Learning for the Sesame Business Network (SBN-BENEFIT), Ethiopia, 11-20 December 2018
Wattel, C.J; M. Sopov; M.A.J.M. van Asseldonk (2021). The Finance for Resilience Tool (FORTE) – a rapid assessment tool. Wageningen Centre for Development Innovation. Wageningen, The Netherlands.
WCDI, 2020. Labour and Labourers in the Sesame Lowlands: Analysis and Action for Health and Wealth. Wageningen: Sesame alert: Ethiopia, number 1, Wageningen Centre for Development Innovation, 4 June 2020.
Woodhill, J., Hasnain, S. and Griffith, A. 2020. Farmers and food systems: What future for small scale agriculture? Environmental Change Institute, University of Oxford, Oxford.
World Bank, 2008. For protection and promotion – the design and implementation of effective safety nets", chapter 7 (Common Interventions).
World Bank. 2018. The State of Social Safety Nets 2018. Washington, DC: World Bank. doi:10.1596/978-1-4648-1254-5.

Wageningen Centre for Development Innovation
Wageningen University & Research
P.O. Box 88
6700 AB Wageningen
The Netherlands
T +31 (0)317 48 68 00
www.wur.eu/cdi

Report WCDI-21-144

Wageningen Centre for Development Innovation supports value creation by strengthening capacities for sustainable development. As the international expertise and capacity building institute of Wageningen University & Research we bring knowledge into action, with the aim to explore the potential of nature to improve the quality of life. With approximately 30 locations, 6,500 members (5,500 fte) of staff and 12,500 students, Wageningen University & Research is a world leader in its domain. An integral way of working, and cooperation between the exact sciences and the technological and social disciplines are key to its approach.

To explore the potential of nature to improve the quality of life

Wageningen Centre for Development Innovation
Wageningen University & Research
P.O. Box 88
6700 AB Wageningen
The Netherlands
T +31 (0)317 48 68 00
www.wur.eu/cdi

Report WCDI-21-144

Wageningen Centre for Development Innovation supports value creation by strengthening capacities for sustainable development. As the international expertise and capacity building institute of Wageningen University & Research we bring knowledge into action, with the aim to explore the potential of nature to improve the quality of life. With approximately 30 locations, 6,500 members (5,500 fte) of staff and 12,500 students, Wageningen University & Research is a world leader in its domain. An integral way of working, and cooperation between the exact sciences and the technological and social disciplines are key to its approach.