

GENDER AND MICROINSURANCE – A STUDY OF ETHIOPIA

Samir Karim Janmohamed
 Liberal Arts and Professional Studies
 ECON 4089 Research Seminar in Economics

What is the effect of gender on crop risk coping strategies and perception towards insurance in rural Ethiopia?

ABSTRACT

In the Ethiopian context, the concept of microinsurance is fairly new with most of the population relying on *Edir* and *Equib* as methods of coping with risk. Much of this is the result of a continuous dependence on agriculture as the main source of income and low levels of education. The goal of this research was to gain data and information on the inputs into microinsurance.

METHODOLOGY

The research conducted for this paper was focused on data collected by the Microinsurance Center over the course of February to May 2017 in four regions in Ethiopia and the capital city, Addis Ababa. The study involved the use of a qualitative survey of more than 2900 Ethiopians and 38 qualitative Focus Group Discussions (FGDs). The research focused on understanding the demand side of microinsurance through questions on individuals sources of income, issues related different risks and their respective coping strategies.

Given the wide scope of the primary research, the data discussed for this paper focuses on coping strategies with regards to agriculture and healthcare shocks given these were identified as the top two risks identified by both male and female respondents. Data was further divided to understand the risk coping strategies of different households i.e. those with male household heads (HH) and female HH. 16 coping strategies were mentioned. The graphs on the left provide a breakdown of the number of households that used each strategy. Further analysis was also through an analysis of focus group discussions that occurred in rural households to ascertain the differences between the different HHs and their understanding and acceptance of microinsurance.



McCord, Baez, Bisie, Forthcoming

Table 1: Coping strategies ranked by popularity

Male HH	Female HH
Cash/ Savings	Additional job/ Work more
Selling crops/Animals	Selling crops / Animals*
Additional job/ Work more	Cash/ Savings*
Government	Reduce Expenditure**
Family and Friends	Family and Friends**

Table 2: Coping strategies by Male HH

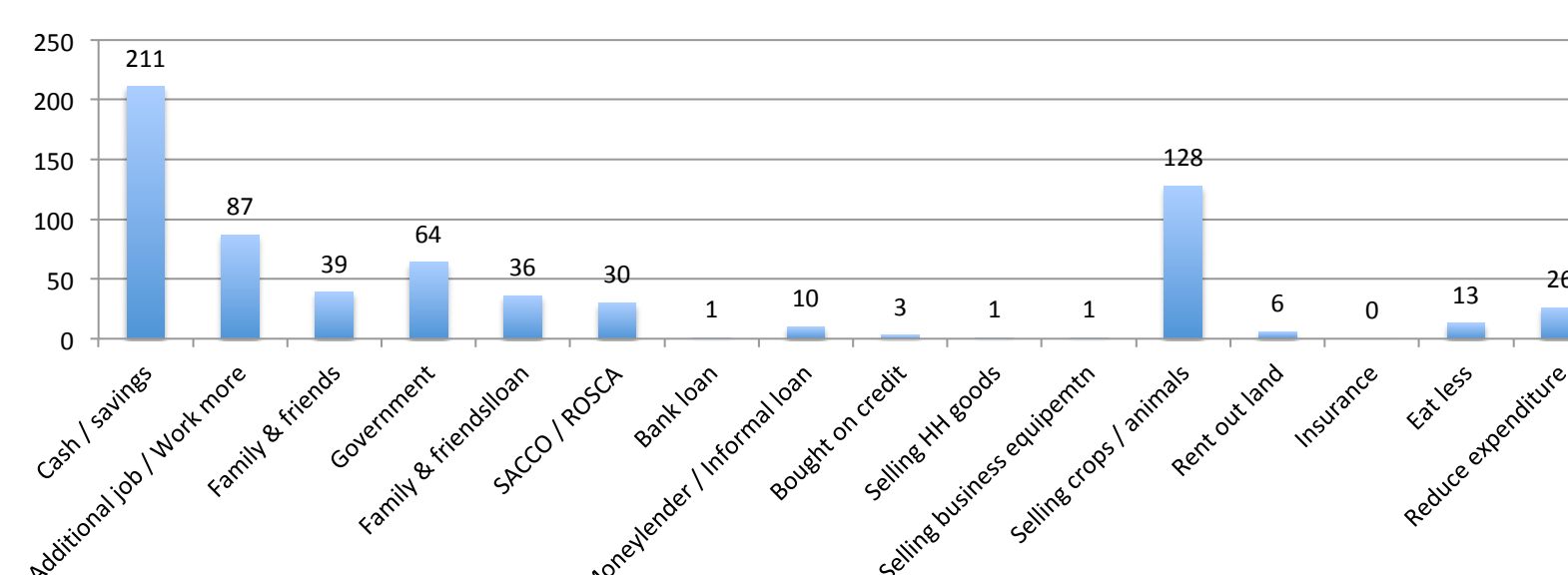
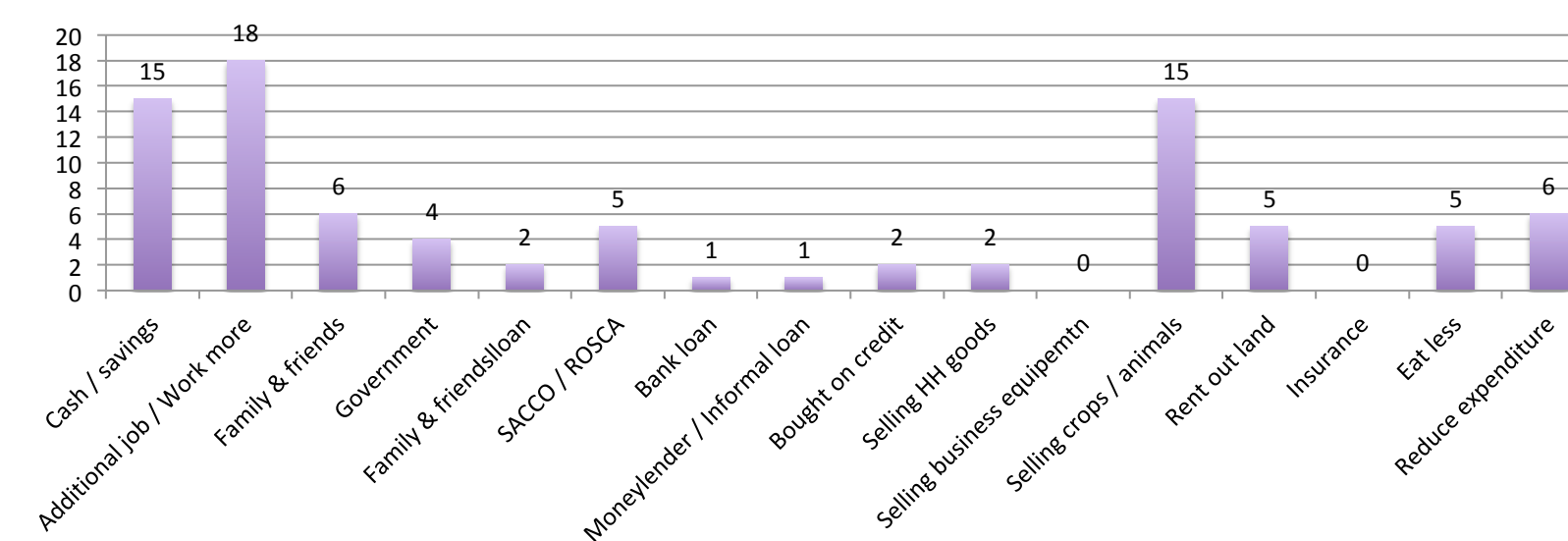


Table 3: Coping strategies by Female HH



BIBLIOGRAPHY

- McCord, M. J., Baez, K., Kelly, E., & Bisie, K. (Forthcoming). *Ethiopia: Promoting Inclusive Insurance*. The World Bank Group.
- Banthia, A., Johnson, S., McCord, M. J., & Mathews, B. (2009). *Microinsurance That Works For Women: Making Gender-sensitive Microinsurance Programs*. Geneva: International Labour Organization .

RESULTS

From the survey data we find that a majority of the rural population lack any knowledge of what insurance is, the mechanisms of claims and premiums. Costs and people who have benefitted from it. 1/3 of the population believe that MI would be beneficial in the long-term.

We also find that a large proportion of both male and female headed households did not have mobile money accounts, likely as a result of low mobile-phone ownership.

In SNNPR none of the Male HHs knew what microinsurance was while those in Oromia did not take part in any MFIs. People from this area of the world mentioned that the current banking system was highly underdeveloped to fulfill the needs of people.

With regards to female respondents, they highlight that they would only be able to take join an MFI if they were able to save. They highlight that those who were previously members had dropped out as a result of high interest rates. Given the high susceptibility of agriculture production to weather conditions, these respondents find that the cost would outweigh the benefits in the short run.

DISCUSSION

When designing gender-sensitive microinsurance, a number of factors must be considered. Coverage must be affordable to women. Custom insurance contracts may be drawn based on the women's current income and asset base (Banthia, Johnson, McCord, & Mathews, 2009). As such the choice of delivery must also take into consideration the varying levels of financial literacy and the ability to read and write. Radio or televised programs dedicated to furthering the populations understanding of insurance would also allow for fast and easy dissemination of information given 371 male respondents and 45 female respondents state that they owned a radio.

The feasibility of depends on the existing radio infrastructure and the level of radio/television ownership within the population. Few people knew what it was with the majority of those who were approached for the initial survey not using it as a coping mechanism in case of crop risk. Given this, policymakers are able to work with a clean surface and provide people with the understanding of the system. In the long run, dissemination of such knowledge and localized MFIs that create products tailored to the needs to the populations are likely to bring with them increased technological and physical infrastructure. With such, the costs of providing the services of MI and MFI are likely to go down with more and more people taking part.