An Emergent Model for Economic Inclusion with Women at the Centre

Impacts and Reflections from FSD Kenya’s Pilot in Marsabit County
Acknowledgments

This report has been written by Amrik Heyer and Wanza Mbole with support from Nancy Atello. FSD Kenya acknowledges the Food Economy Group and Dr. Jody Delichte for their significant contributions to researching the impact of FSD’s economic inclusion pilot in Marsbit.

We also like to acknowledge Talking Story Creative Studio and Harriet Matsaert for their thoughtful and high quality communications outputs capturing our learnings from the pilot, and Wendy Chamberlain for her technical input in reviewing these outputs.

Finally, and most importantly, we acknowledge the dedication and efforts of our core partners CARE Kenya and Equity Bank, as well as the community facilitators and the women and men who participated in the pilot, for their willingness and openness in walking this journey with us, and their readiness to learn and experiment along the way.
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They say women have money because they are working and take loans from the group...It [men’s roles] has [changed]. They no longer [feed the family]. Women feed the family. They look after livestock. Women don’t depend on men like before.

TALASO
1 Overview

1.1 Executive Summary

1.2 Motivation

1.3 Theory of Change

1.4 Marsabit Context

1.5 FSD Kenya’s Model

1.6 Background
1.1 EXECUTIVE SUMMARY

**Economic Inclusion with Women at the Centre**

FSD Kenya’s pilot in Marsabit aimed to improve our understanding of **how to catalyse economic inclusion with women at the centre, sustainably and at scale**, using a market-based approach and leveraging finance.

**FSD’s approach was based on 3 building blocks:**

- **Social security by leveraging cash transfers** to cushion income against shocks
- **Building capabilities** through savings groups
- **Developing market linkages** through partnerships with market actors

The project created impacts at three levels:

- **Stronger capabilities**
- **Improved economic resilience**
- **Systemic impacts**

**Lessons learned include:**

Well-designed social security systems provide an essential foundation for inclusive growth; the government of Kenya’s existing social security framework provides the building blocks for sustainability and scale.

Women’s economic empowerment rests on strengthening capabilities (agency, knowledge, skills and connections); Savings groups provide an institutional foundation for building capabilities and linkages to markets sustainably and at scale.

Developing market linkages is important for economic inclusion; but wider investment in market development and growth-oriented value chains are needed to support income growth.
FSD Kenya has facilitated inclusive financial market development since 2005. Kenya is now a global leader in inclusive finance, mainly as a result of digital technology adoption.

But, in 2016 FSD observed that a sector of the population remained excluded: the extreme poor, especially women.

Inspired by financial graduation successes such as BRAC and CGAP, FSD Kenya’s pilot in Marsabit was an experiment in catalysing economic inclusion for this group, sustainably and at scale, using a market-based approach and leveraging finance.
1.3 THEORY OF CHANGE

An Emergent Model for Economic Inclusion with Women at the Centre

1. Objective
Test approaches to economic inclusion and women’s economic empowerment

2. Outcomes
Understand how to effectively leverage social security to catalyse economic inclusion and women’s economic empowerment

3. Direct impact
Identify effective approaches, sustainable and scalable economic inclusion, and women’s economic empowerment programmes

4. Assumption linking direct to final impact
Adaptable, market responsive programmes can be delivered at scale

5. Final impact
Increased resilience and economic empowerment for very poor households and women
1.4 MARSABIT CONTEXT

Constraints and Opportunities

Constraints

Opportunities

Weak development of markets and value-chains

Extreme poor, especially women, lack capabilities to enable economic participation

Extreme poor cannot meet their basic needs

Emerging value chain opportunities, expanding markets, increased access to bank accounts

FSD Kenya’s experience with developing sustainable models for savings groups; partnerships with NGOs

Roll out of government cash transfer programmes in northern Kenya
1.5 ECONOMIC EMPOWERMENT FOR WOMEN

FSD Kenya’s Model

- **FSD’s model**
- **Mechanism**

**Leveraging existing social security programmes to mitigate risk and support access to basic needs**

**Training & supporting Community Based Facilitators (CBFs) to establish savings groups and build capabilities**

**Brokering connections with market players to improve economic participation and leverage access to finance**

**Equity Bank**: access to capital

**Wholesalers**: groceries trade

**Radio Jangwani, KLMC**: livestock markets

**NRTT**: beadwork

**Savings and Loans Business skills Mentoring Connections & linkages**

**Government of Kenya HSNP**
1.6 BACKGROUND

Economic Inclusion with Women at the Centre

Location: Marsabit county, Kenya

Duration: 2016–2021

No. of beneficiaries: 1,200 (83% women)

WATCH OUR ANIMATION:

Can Market-led Approaches Promote Economic Inclusion? Lessons from Marsabit, Kenya
2 FSD Kenya’s Approach

2.1 Social Security

2.2 Capabilities

2.3 Market Linkages
Since 2007 the government has rolled out cash transfers in arid and semi arid lands through the HSNP: Hunger Safety Net Programme.

"The first step out of poverty"

FSD Kenya Intervention
In partnership with the National Drought Management Authority (NDMA), the project selected its participants from a list of government cash transfer recipients who were already receiving a bimonthly stipend of KSh 2,500.

Social security was an essential foundation for change. The surety that basic needs will be covered enables individuals and households to invest in growth and improvement rather than risk mitigation.

"It was hard because earlier [before HSNP] we used to burn charcoal daily, you get sick and children go without food. We now live better."

NAIRETA

1 Since 2007 the government has rolled out cash transfers in arid and semi arid lands through the HSNP: Hunger Safety Net Programme.
Before we were all getting this [HSNP] money, but no one had knowledge on how to invest in it. We were taking it, consuming it, and waiting for the next two months to get it again. Or we get it, pay credits, and after that you cross your fingers till the next time.

MALIMO

2.2 BUILDING CAPABILITIES

Linking social security to women’s economic empowerment

FSD Kenya Intervention
Social security alone was not sufficient to enable beneficiaries to grow, invest, and create sustainable livelihoods. In partnership with CARE Kenya, the project trained community facilitators (CBFs) to establish savings groups and build capabilities, while reaching out to market actors to broker connections and improve women’s access to markets.

“Before we were all getting this [HSNP] money, but no one had knowledge on how to invest in it. We were taking it, consuming it, and waiting for the next two months to get it again. Or we get it, pay credits, and after that you cross your fingers till the next time.”

MALIMO
2.2 BUILDING CAPABILITIES

Community facilitators: “they taught us everything that is important to us” - Amanda

FSD Kenya Intervention
In partnership with CARE Kenya, the project engaged younger more educated people from the community and trained them as community facilitators (CBFs) to initiate and build savings groups. Community facilitators worked with group members over an extended period (5 years) to instill knowledge, develop skills, foster agency and empowerment and strengthen connections with market actors. At the end of the project, CARE facilitated community facilitators to form their own community-based organization (CBO) so they could continue providing services for new and existing groups on a fee-for-service basis.

“CARE may cease to exist, but we’ve learnt to be self-reliant.

CHRISTOPHER
2.2 BUILDING CAPABILITIES

Savings Groups: “how we help each other” (Talaso)

FSD Kenya Intervention
Alongside the savings and loans the groups enabled, the groups became a forum for peer learning and enterprise. Ultimately, these became platforms for women’s collective empowerment and identity in households and local communities.

“I’m a different person now because before I was just idle doing nothing but now since being part of the group, doing contributions it has really helped, in case you have problems you just borrow a loan from the group, it makes you to be proud, especially savings.”

ANNE

Savings Groups enabled:

Stronger financial capabilities: Experience of saving, flexible borrowing and managing money; peer learning & transfer of knowledge by facilitators

Access to savings and loans

Safety nets: Emotional and financial support in times of need

Improved income: Individual and group-based businesses

Collective bargaining power: Platform to build collective power and identity as women, entrepreneurs and leaders

Connections: New contacts developed through other group members; groups draw in market actors (e.g. Equity Bank) seeking to reach new markets
It [savings group] helps me because I can take a loan and use it for food. When I don’t have any money, I can be able to get it from the group and pay them back when I get money, with some interest. It is helping all of us as a group... When the pandemic came, it has managed to close the markets and towns and we don’t go places now, so we now depend on the group. We used the money from the group because they should be used to help the members. There is nowhere else that we seek help from.

SILAPINI
2.3 MARKET LINKAGES

Increased access to markets and finance

**FSD Kenya Intervention**

The project engaged experts to model different income generating activities (IGAs) and assess their viability for income growth and resilience. Participants were then facilitated to develop IGAs with higher growth-potential. The project also worked with market actors (Equity Bank, wholesalers, Kenya Livestock Marketing Council (KLMC), Northern Rangelands Trust Trading (NRTT) etc.) to strengthen market linkages for group members.

**Savers Wholesalers:** The project brokered connections with a wholesale trader (Savers) to enable women from the groups to buy goods at cheaper prices.

**KLMC:** The project facilitated a connection with the Kenya Livestock Marketing Council, who trained groups in how to grade livestock as well as facilitating marketing.

**Radio Jangwani:** The project worked with Radio Jangwani and the local administration to provide regular information on livestock prices to support livestock marketing.

**NRTT:** The project brokered a connection with the Northern Rangelands Trust (Trading) to support income generating activities for women to produce beadwork for national and international markets.
Case Study: FSD’s partnership with Equity Bank

To enable project participants to access financial capital, FSD Kenya facilitated Equity Bank to design a loan product tailored to the reality of those targeted. Besides providing technical support in understanding this market segment, their needs and goals, FSD also provided a credit guarantee to de-risk the loan fund.

By the end of the project about half of project participants had received loans (600 loans were disbursed with a few repeat loans), totaling about KShs 12 million. Out of these, less than KShs 2m (20%) were defaulted on. Despite the COVID-19 pandemic and its impact on the credit market, Equity bank has continued to provide repeat loans to some of the beneficiaries without the credit guarantee, and has also rolled out the loan product across similar market segments.
3

Impact

FSD undertook qualitative and quantitative research to access the impact of the project on:

- 3.1 Capabilities
- 3.2 Economic Resilience
- 3.3 Systemic Change
We are not as we used to be before, we were just waiting for the husband to bring the food and now we don’t wait for him. One just does her things and business.

NAKURU

3.1 Capabilities

Capability is the combination of agency, skills, knowledge, connections and attitudes needed to make, and act upon, decisions that a person has reason to value, within an enabling environment that offers opportunities to fulfil those decisions.
3.1 CAPABILITIES

Agency and Empowerment

Participants developed new and more empowered identities as entrepreneurs and women.

Participants gained stronger bargaining power collectively and individually, taking on more of a leadership role in the community and the home.

Participants saw themselves as economically independent, no longer depending on others to meet their needs and aspirations, including reduced dependence on casual labour.

Participants were looked up to as role models and sources of support and advice for others.

"...we are capable to lead ourselves. We have knowledge now; we also know how to lead our children now."

LOLTEPES

"I didn’t have the self-esteem before, I can now talk in front of the people."

NASANTEN

"I couldn’t get help before [the programme], I was just at home and borrowing from people. Now I earned respect from the people, they want to associate with me now, not as before when no one wanted me."

KONGOMO

"The best thing is to own your own business and not working for someone..."

KUREYA
3.1 CAPABILITIES

Elimu: Skills and Know-how

Skills and know-how enabled participants to feel confident in engaging with new markets and taking on different types of economic activity.

Participants gained skills in finance, business and money management

Participants saw themselves as ‘enlightened’, knowledgeable and experienced, capable of handling their lives, finances and business interests

“I didn’t go to school and I don’t know how to read and write. The pen you’re holding there I have no clue about it. I don’t know how to write because I didn’t go to school. But despite all that, I have been trained, I know how to handle things, I have the knowledge.”

LINDA
Connections strengthen economic participation and are very important for long term business sustainability.

‘In some cases, participants have developed stronger connections with buyers from other markets, which is helping them in their business. For example, in the latest round of data collection (November 2019) Nosilale talked about how she has more business connections now than previously and even has phone numbers of the buyers now and can talk with them so the buyers can inform them what they want.’ (Delichte 2020)

I didn’t know about selling of goats on profit. I can now go up to Sereolipi and Isiolo and sell them... If I want goods I will go...  

NOSILALE
3.2 Economic Resilience

To measure impacts on economic resilience, FSD commissioned the Food Economy Group to conduct a study using the Household Economy Analysis (HEA) methodology. FEG conducted 2 rounds of data collection comparing 3 samples receiving the HSNP cash transfer from similar localities:

**HSNP only**
Receiving HSNP cash transfer only, but not participating in the FSD Kenya project

**Project participants**
Received all project interventions but did not take up Equity loans

**Participants with Equity Loans**
Project participants who additionally took up Equity bank loans
3.2 ECONOMIC RESILIENCE

Income: Household income was 30% higher for project participants than for those receiving HSNP only

Average monthly household income for project participant households was KSh13,100, 30% higher than average monthly household income for those receiving only HSNP (KSh9,400). Business was a key driver of increases in household income with over 80% of household income from business contributed by women. Dependence on low-paid casual employment also reduced for project participant households.

80 percent of household income contributed by female-owned businesses

Source: FEG 2022
...now when the mother gets money, she does the shopping for her children. She can buy clothes for her child, she can buy clothes and also she can pay credits. So, she can be able to balance these monies so that they can meet all needs.

— SABDIO
In contrast to the ‘HSNP only’ cohort who remained dependent on selling khat and harvesting natural resources (including firewood), project participants invested in higher value businesses, primarily in livestock and retail trade.

In 2020, monthly business income by types of business showed:

- The HSNP-only cohort were more dependent on khat and firewood trade.
- Core participants invested strongly in livestock trade.
- Equity loanees diversified into retail trade.

The graph illustrates the distribution of business income among different groups and sectors.
3.2 Economic Resilience

Assets: Project participants accumulated savings and invested in assets, a key source of resilience

Households participating in the project had an average net worth of KSh 135,000, over 5 times higher than HSNP only households. This was mainly due to investments in livestock. Project participants also had substantially higher savings compared with the ‘HSNP only’ cohort. Some had additionally invested in property (not captured in the quantitative study).

I used to live in a nylon thatched house, it used to let in rainwater. I have now built a house like this [cement], it is just the ceiling that is left [to complete].

JENNIFER

Average Household Net Worth (KSh)

<table>
<thead>
<tr>
<th>Year</th>
<th>HSNP only</th>
<th>Project participants</th>
<th>Participants with Equity loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>24,900</td>
<td>121,400</td>
<td>23,800</td>
</tr>
<tr>
<td>2020</td>
<td>23,500</td>
<td>14,860</td>
<td>24,900</td>
</tr>
<tr>
<td>2020</td>
<td>105,900</td>
<td></td>
<td>99,000</td>
</tr>
</tbody>
</table>

1 Not including property and household assets
2 Livestock in excess of minimum stock needed to sustain the herd
3 Savings remaining after deducting loans

Source: FEG 2022
3.2 ECONOMIC RESILIENCE

Non-food expenditure: Project participants spend more on non-food items associated with higher quality of life

There was little difference in food expenditure between project participants and non-participants (on average, KSh 7,700 monthly expenditure on food). However, project participants spent more on non-food items including health and education as well as household items. Household items are key markers of status for women.

Non-food expenditure:
Project participants spend more on non-food items associated with higher quality of life.
I can get clothes, mattress, I used to sleep on cow’s hide, and it hurts my back. I use a kettle for my tea, I can now afford a thermos, it won’t get cold. I am able to afford vegetables and meat, and I am able to eat the food that I couldn’t afford to eat.

GALMALO
COVID saw a contraction in the economy which hit lower income households and small businesses especially hard.

But, while small businesses in the rest of the country saw their revenues reduce by 50% by November 2020, business owners in the Marsabit cohorts surveyed by the project increased their incomes in 2020. Cash transfers contributed to this by maintaining demand in local markets and cushioning business households who were receiving the transfer.

Project participants with businesses saw their income grow even further as they now had the tools and capabilities to adapt, as well as access to savings and loans through groups.

For those who ceased business operations in 2020, social security alongside casual labour, livestock and participation in groups enabled households to survive the crisis, positioning them more strongly for recovery.
COVID-19: Through the use of new and traditional coping mechanisms, ‘... beneficiaries interviewed felt they were able to cope with the COVID-19 shock better than shocks in previous years.... (Delichte, 2021)
3.2 ECONOMIC RESILIENCE

The HSNP cash transfer and the capabilities built by the project enabled project participants to maintain and grow their livelihoods, even during the COVID-19 pandemic.

“The Hunger Safety Net Programme bi-monthly cash transfer (HSNP) was reported by the majority of study beneficiaries (56%) as being the most important and relied on coping mechanism during COVID-19. (Delichte, 2021)

Resilience: Ability to Meet Minimum Calories and Maintain Livelihoods

Survival Threshold: Households able to cover minimum annual food needs, (standard measure of 2100 Kcal per person per day)

Livelihood Protection Threshold: Households able to cover 100% of calorific needs plus health/education and other essential expenditure and maintain livelihoods (some livelihoods are more capital intensive than others)

Source: FEG 2022
3.3 Systemic Change

Gender norms

Community Resilience

Market Development

Climate Adaptation

I am able to help others with credit if I have enough and they will pay with an interest. So, I have helped them like that.

SILAPINI
3.3 SYSTEMIC CHANGE

Women’s Empowerment

In participant households, women contributed between 60%-80% of household income (versus 40% for ‘HSNP only’ households), and their input into decision making increased.

While this sometimes resulted in reduced responsibilities for income earning by men, local administrators reported that younger men were choosing to partner with wives in business instead of ‘raiding cattle’, thereby jointly contributing to household income.

The project concluded that to really empower women economically, it is important that programmes, like FSD Kenya’s, design interventions to increase the synergies between men’s and women’s contributions to household economies, rather than only focusing on women.

2019-2020
Changes in Decision Making

Men’s sole decision making over livestock and loans reduced, with more decisions being made jointly or by women

Core participants (Livestock sales)
- Men: 27%
- Women: 30%
- Both: 43%

Equity loanee (Livestock sales)
- Men: 37%
- Women: 35%
- Both: 37%

Equity loanee (Loan decisions)
- Men: 18%
- Women: 63%
- Both: 33%

Source: FEG 2022
3.3 SYSTEMIC CHANGE

Gender Case Studies: It’s Up to Her (Delichte, 2020)

Marayon said women have more control over household decisions now and that men cannot control everything.... She recounted a recent story of how her husband offered her daughter for marriage to an older man. She was not happy with this decision and went to the man’s village to take her daughter back, who is now living with her.

Ntalamaye is on the school committee and is also on the committee for the borehole. When asked if more women are taking on these kinds of roles now, she said it is more balanced between men and women than before. Before men had all the responsibilities. When asked what men think of this, she said they have accepted it and men fail in business.

Hawatho explained that she has more say in the household now because she controls the business. Her husband may ask her to add certain products to her business and she will tell him no. She has control over the business money.... She does ask her husband about using [business money] for some things but does not need his permission; it is up to her.
The project was keen to assess whether promoting individualist business identities and values would undermine norms of sharing and reciprocity which have been a pillar of community resilience. The impact research conducted by FSD found that ‘... deep-rooted values of mutual aid persist through diverse, and sometimes evolved, expressions’ (Delichte, 2021), providing labour jobs for food or money, sharing new knowledge with others, and giving loans.

"It is now that it is there [more food] because people help each other; before people used not to help each other, you are just on your own... The businesses and the money [HSNP] that are given to people is the one that has helped people.

KONGOMO"
3.3 SYSTEMIC CHANGE
Inclusive Market Development

The project helped to strengthen access to markets for the wider community through new business models, norms and connections.

Retail Trade: Interviews with groceries wholesalers found that women retailers participating in the project were providing more competition in local markets, as well as increasing the reach of retail markets through taking goods out to remote manyattas (settlements). This was creating a more dynamic and competitive market for household consumables in the area.

Livestock Markets: The project catalysed a shift in norms in pastoralist households: A new association between women and trade strengthened engagements in markets, increasing the commodification of pastoralist herds.

Equity Bank: FSD Kenya partnered with Equity Bank to design and develop the business case for a new credit solution targeting low-income women traders, including a guarantee fund to support the initial roll out of loans to FSD Kenya’s project participants. The model proved commercially viable and is now being rolled out more widely by Equity bank, thereby improving access to finance in these underserved markets.
3.3 SYSTEMIC CHANGE
Climate Adaptation

Reduced dependence on income from natural resources: Project participants shifted their activities away from natural resource-dependent trade (e.g. firewood) to retail and livestock trade.

Market-based sustainable livestock management: Introducing a more market-based model of herd management has the potential to reduce environmental pressure. Traditional pastoralist strategies are based on maintaining large herds which remain viable even after shock-induced mortality. Increased commodification of livestock can take the pressure off grazing by reducing herd sizes and enabling the rapid conversion of stock into financial assets in response to environmental pressure.

Livelihood diversification: Equity loanees were increasingly investing in retail trade and accumulating savings as well as continuing to invest in livestock. Livelihood diversification is improving resilience to climate shocks.

Firewood and khat
37 percent of business income amongst the ‘HSNP only’ cohort was derived from firewood and khat; for project participants this reduced to only 9%

Retail
51 percent of business income amongst ‘Equitee loanees’ derived from retail trade, reducing their sole dependence on livestock
Catalysing Economic Inclusion with Women at the Centre: What We Have Learned
Evidence shows that lack of access to basic needs and exposure to shocks is a major constraint to welfare and growth. The government’s HSNP payments consistently cover basic needs and increase resilience to shocks, allowing women to focus on investing in income generation and growth.

Promising developments which will increase coverage further include:

- GoK’s universal social security programmes (OPCT/Inua Jamii)
- World Bank’s KSEIP

1 Zollmann 2021; FSD Kenya 2021; FSD Kenya 2022
By the end of the project women gained independence and self-reliance and were influencing social norms in the community.

Collectives were key to developing women’s capabilities through the long-term involvement of community facilitators, mentors and emerging group leaders.

With increasing levels of innovation around savings groups models (e.g. SF, CARE, CRS etc.), there are opportunities to introduce scale and sustainability into forming and investing in collectives.

WHAT WE HAVE LEARNED

Collectives are key to developing capabilities, connections and bargaining power for women

Collectives provide strong platforms to strengthen women’s capabilities through:

- Access to capital and liquidity
- Knowledge, skills and connections
- Greater bargaining power in markets and households
WHAT WE HAVE LEARNED

**Stronger market linkages are important for economic inclusion; but wider investments are needed to catalyse inclusive growth**

FSD Kenya’s efforts to facilitate market linkages strengthened women’s successful engagements with markets and laid the foundations for a shift towards more market-based livelihoods.

However, more investment is needed to develop local economies (including value chain development, infrastructure, markets) and create longer term opportunities for growth that women can participate in.

A stronger policy environment and greater coordination across different sectors (local and national government, development agencies, private sector), can improve the impacts of new and existing investments for inclusivity and growth with women at the centre.
Social Security
Social security is an essential foundation for economic inclusion and growth.

Market Linkages
Stronger market linkages are important for economic inclusion; but wider investments are needed to catalyse inclusive growth.

Capabilities
Strengthening capabilities is a cornerstone of women’s economic empowerment.

Social Security
Social security is an essential foundation for economic inclusion and growth.
An Integrated Approach
Connecting access to social security with building capabilities and market linkages provides the building blocks for economic inclusion.

Designing programmes to create synergies between these different components within a supportive enabling environment, can kick start a virtuous spiral for inclusive growth with women at the centre.

WHAT WE HAVE LEARNED
Kick-starting a virtuous cycle for economic inclusion with women at the centre
Additional Materials

1. FSD Kenya/Jody Delichte (2020)
2. FSD Kenya/Jody Delichte (2021)
3. FSD Kenya/FEG (2022 forthcoming)
4. FSD Kenya/Development pathways (2022 forthcoming)