Financial Inclusion



People Survive Crisis
Food & Nutrition Security
A Systems Approach
Partnership / Locally led
Adaptive Management

Locally led financial system strengthening to increase pastoralists resilience to social, economic and climate related shocks in Southern Ethiopia

August 2026

USAID | ETHIOPIA
FROM THE AMERICAN PEOPLE

Irish Aid
An Roinn Gnóthaí Eachtracha agus Trádála
Department of Foreign Affairs and Trade

Agro-pastoralists financial inclusion

Brief background

With support from USAID Ethiopia and Irish Aid, and in partnership with Global Communities, GOAL and International Development Enterprise (iDE), implemented Resilience in Pastoral Areas - South (RIPA-S), a five-year program (2020 – 2025), targeting excluded pastoralists and agro-pastoral communities in Southern Ethiopia. The purpose of RIPA was to improve resilience through improved food security and inclusive economic growth. GOAL used a Market Systems Development (MSD) approach in livestock, crop, and financial systems to intensify and sustain pastoral and agro-pastoral production and marketing.

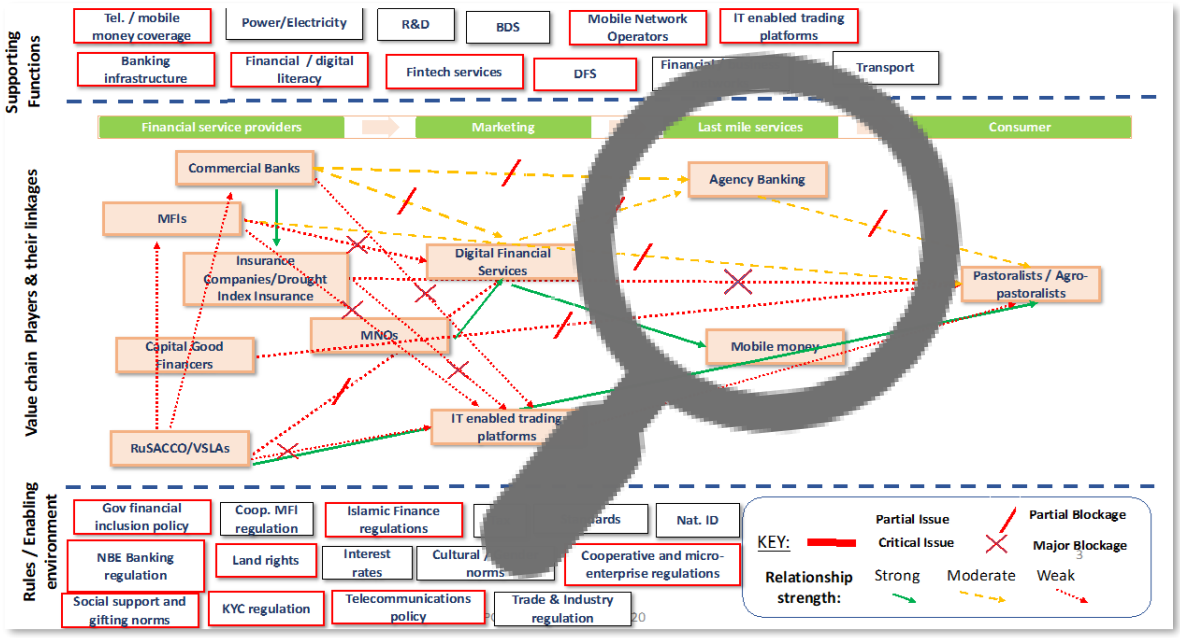
Target area

The target locations included; Borena, East Borena, South Omo, Liben, Dawa in Southern Ethiopia.



System strengthening

A financial system assessment conducted in 2021 underpinned the design of interventions to increase access to appropriate financial services for agro-pastoralist who face face multiple and often recurring risks including drought, conflict and pest infestation. Interventions designed prioritize last mile financial services.



Mapping the financial system in Ethiopia,

Enabling Environment Ethiopia allowed for the introduction of mobile banking services decades after some of their East African peers. On the supply side, Financial Service Providers grapple with regulations that are highly complex and cautious.

Supply of financial services There are a multitude of financial service providers that now serve the market in Ethiopia. However, the providers encounter significant constraints in their abilities to serve remote rural communities as the cost of market entry for financial and insurance providers is high.

Demand for financial services In pastoralist areas where market systems are weak, populations are seasonally mobile and dispersed, they lack traditional collateral and formal identification (esp. women), and prefer Islamic-compliant financial products. Pastoralists in Ethiopia are among the most vulnerable populations to shocks and stresses, they also have low financial and digital literacy skills. Financial services can play a key role in mitigating shocks, while strengthening pastoralists' household and community-level resilience.

Approach

GOAL uses a **Market Systems Development** (MSD) approach to sustainably increase access to appropriate financial products and services for agro-pastoralist who are highly financially excluded and hard to reach.

GOAL **partners with the private sector** to co-design interventions based on our private sector partners existing business models, in order to increase access to financial services for excluded communities and leverage private sector resources.

Local Partnerships

GOAL partnered with three financial service providers in Ethiopia to increase access to appropriate financial products and services for excluded agro-pastoralist communities.

Cooperative Bank of Oromia (CBO) is a private commercial bank, operational since 2005 with >738 branches and 11.2 million account holders. CBO customer base is Cooperatives and rural communities where it offers a range of products and services, including Sharia compliant products and credit score based digital lending for micro, small and medium enterprises (Michu).

Awash Bank is a private commercial bank, operational since 1994 offering a range of products and services. RIPA-S partnered with Awash Bank (2022 – 2024) to extend their last mile financial services through mobile money and agency banking in S. Omo, Liben and Dawa Zones.

Oromia Insurance Company (OIC) established in 2009, is a leading financial service provider in agriculture and micro-insurance products in Ethiopia. OIC is the first company to introduce Index-Based Livestock Insurance (IBLI) in Ethiopia. RIPA-S supported agro-pastoralist to access IBLI by 'buying down' 43% of the cost of the premium for agro-pastoralists, agro-pastoralists paid 57% of premiums to insure their livestock. OIC aims to target >10,000 agro-pastoralists (19% female). OIC will leverage approx. $50,315 (budget amount) and RIPA-S will utilize approx. $142,808. A new and large-scale World Bank program will buy down almost all the IBLI premium, this will affect targets for livestock insured with support from RIPA-S.

Agro-pastoralists financial inclusion

Results

173	New banking agents established (80% Female) - ***extending access to financial services for hard-to-reach communities***
64,079	New transactional accounts opened by agro-pastoralists (79% Female) ***increasing financial inclusion***
$358,373	Saved by agro-pastoralists
3,685	Loans approved, (80% Female) ***most non-collateralized***
$1,655,583	Value of loans ***made to agro-pastoralists and MSMEs***
14,809	Livestock insured against forage deterioration – ***assisting agro-pastoralist to be more resilient to drought shocks***



Results (overtime)

USAID funding ended abruptly in March 2025, Irish Aid funding will continue until Dec 2027

Year	2023 - 2024	2025	2026		2027		Total
			Borena	E. Hararghe	Borena	E. Hararghe	
# of financial service provider partners	3	1					**3**
New banking agents	167 (133 F)	6 (6 F)					**173 (139 F)**
Value of transactions managed by the banking agents	ETB 22,618,719 ($167,431)	ETB 463,620 ($2,865)					**ETB 23,082,339 ($170,296)**
New individual bank accounts opened	24,797 (19,837 F)	1,624 (1,299 F)					**26,421* (21,136 F)**
New group accounts opened	277	39					**316***
New mobile money wallets opened	37,168 (29,743 F)	174 (139 F)					**37,342* (29,882 F)**
Amount saved	ETB 57,683,143 ($356,723)	ETB 267,000 ($1,651)					**ETB 57,950,143 ($358,374)**
Loans & Insurance							
New loans disbursed	3,359 (2,687 F)	326 (260 F)					**3,685 (2,947 F)**
Value of the loans dispersed,	ETB 45,884,669 ($339,653)	ETB 214,784,720** ($1,315,930)					**ETB 260,669,389 ($1,655,583)**
Livestock insured with IBLI through Oromia Insurance Company	14,809 (62% FHH)	NA					**14,809**

* All are transactional accounts
** Includes large loan secured by Wetaga

Key findings (2025)

1. **System strengthening**: Partnering with local financial service providers to accelerate the roll out of their own last mile service delivery models (namely: mobile money wallets and agency banking) has developed the **supply side** of the system in hard-to-reach areas and communities.

2. **Demand for financial services:** Developing the supply side of the financial services system has created and/or met demand for appropriate financial services, with over 64 thousand Agro-pastoralists now financially included.

3. **Women's financial inclusion**: A transactional account is the minimum requirement for financial inclusion, a substantial number of women are becoming financially included they are opening bank accounts and mobile money wallets and accessing non collateralised loans in significant numbers.

4. **Scale:** Financial service providers that have a mobile money function, can reach greater scale.

Michu is Ethiopia's first non-collateralized digital lending product, developed by the Cooperative Bank of Oromia, it is an AI-driven digital lending platform providing individuals and enterprises access to appropriate credit through a credit scoring system.

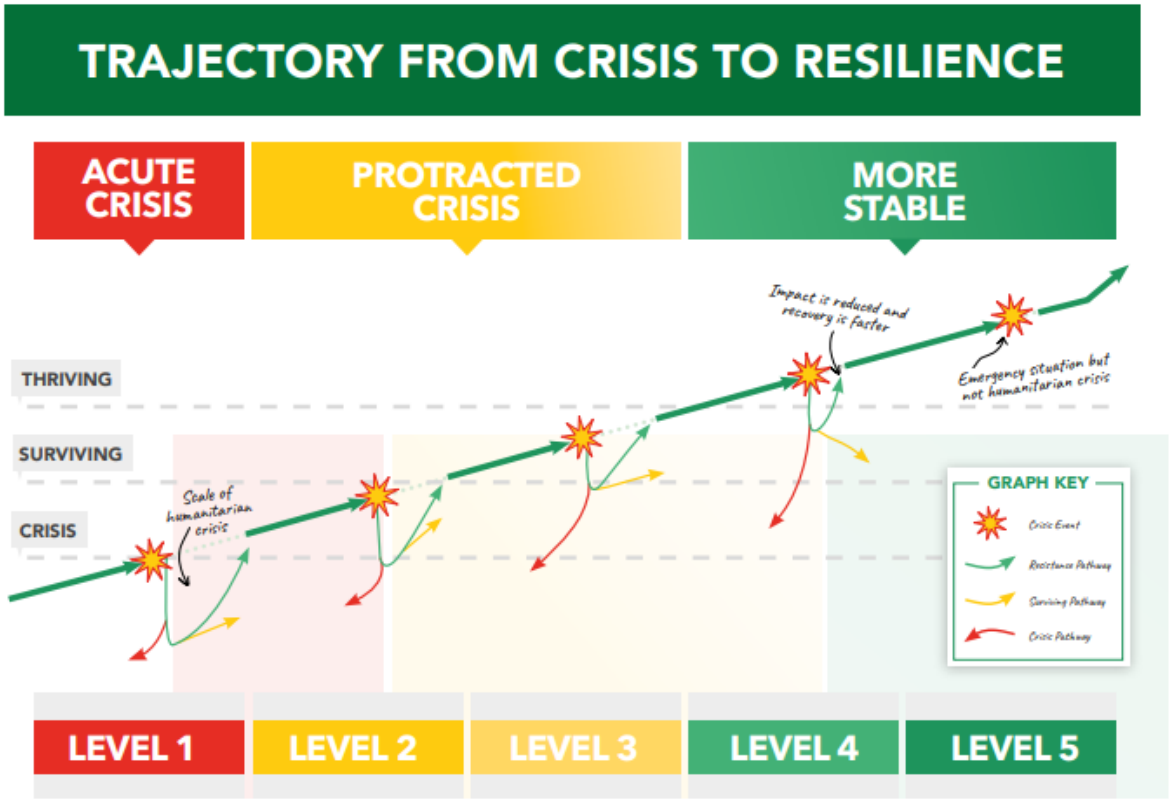


5. **Loans:** Non collateralised loans allow those without assets (often women), to access credit.

Index-based livestock insurance (IBLI) protects livestock keepers in drought-prone arid and semi-arid lands from climate-related losses. Insurance pay-outs are tied to climatic conditions such as the amount of rainfall and distribution of pasture availability over a season.

6. **Insurance:** Is an effective way to manage climate related risks. GOAL used a smart subsidy (of between 10 - 40% off) the cost of the insurance premium to encourage agro pastoralist to experience an insurance product. A new World Bank project will pay the full premium, creating an expectation that insurance should be free. GOAL will discontinue this initiative.

GOAL delivers a wide range of humanitarian and development programmes, with a focus on systems, partnerships and building resilience.



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