Insuring Inclusion: Gender-Sensitive Innovations in Agricultural Credit through Micro- and Meso-Insured Loans[1]

Abstract

Female farmers in developing countries face significant barriers to accessing agricultural credit, largely due to stringent collateral requirements and the high covariant risks associated with rain-fed farming. Integrating microfinance with index insurance presents a promising strategy to overcome these constraints. This study evaluates two innovative credit products: (i) Micro-insured loans, where the borrower is the beneficiary of an index insurance policy bundled with the loan, and (ii) Meso-insured loans, where the lender holds the insurance policy. Our findings indicate that both products enhance loan uptake among female farmers. However, only meso-insured loans significantly increase loan uptake among male farmers, indicating the need for focusing on easing lending constraints on the supply side. These results underscore the importance of designing gender-sensitive financial instruments and tailoring policy interventions to address gender disparities in agricultural development to effectively support the financial inclusion of female farmers.

Key words: gender, credit, insurance, Ghana, Sub-Saharan Africa

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