



Global Shield
against Climate Risks

Gender in Climate and Disaster Risk Finance and Insurance in Somalia

Published by



Centre of
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Gender-smart
Solutions

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Global Affairs
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Preface

This assessment was conducted by **Oxford Policy Management Europe GmbH** on behalf of the Centre of Excellence on Gender-smart Solutions. The project manager is Alessandro Maggioni. The lead authors of this assessment are Humaira Hansrod and Mohammad Ali. For further information contact Alessandro Maggioni, Alessandro.maggioni@opml.co.uk.

The **Centre of Excellence on Gender-smart Solutions (CoE)** is an initiative under the Global Shield against Climate Risks and serves as a hub for advancing gender-responsive approaches within Climate and Disaster Risk Finance and Insurance (CDRFI). Its primary role is to centralise expertise, best practices, and resources to ensure that gender equity is integrated into CDRFI solutions, fostering inclusive resilience against climate risks. To support the Global Shield In-Country Process (ICP) in Somalia, the CoE has commissioned Oxford Policy Management (OPM) to conduct a gender analysis. This analysis aims to identify gender-specific vulnerabilities and opportunities within the national context, providing critical evidence to inform Somalia's Global Shield CDRFI stocktake and gap analysis as well as the country's Request for Support to the Global Shield.

The findings can help pinpoint protection gaps and guide the development and implementation of inclusive, gender-responsive strategies as part of the Global Shield support package. For more information, visit [Home | Centre of Excellence](#) and [Somalia | The Global Shield against Climate Risks](#).

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List of Abbreviations

AA	Anticipatory Action
ARC	African Risk Capacity
CBS	Central Bank of Somalia
CDRFI	Climate and Disaster Risk Finance and Insurance
CoE	Centre of Excellence on Gender-smart Solutions
CREWS	Climate Risk and Early Warning Systems
CSO	Civil Society Organisation
DRF	Disaster Risk Finance
DRM	Disaster Risk Management
DRIVE	De-Risking, Inclusion, and Value Enhancement
FAO	Food and Agriculture Organisation
FCAS	Fragile and Conflict Affected State
FGS	Federal Government of Somalia
FGM	Female Genital Mutilation
FISO	Islamic Insurance Company
FMS	Federal Member State
GESI	Gender Equality and Social Inclusion
GDP	Gross Domestic Product
ICP	In-Country Process
IDPs	Internally displaced persons
ILO	International Labour Organization
ILRI	International Livestock Research Institute
IVR	Interactive Voice Response
KII	Key Informant Interview
MCH	Maternal and Child Health
MoECC	Ministry of Environment and Climate Change
MoF	Ministry of Finance
MFIs	Microfinance Institution
MoLSA	Ministry of Labour and Social Affairs
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NCCP	National Climate Change Policy
NCRDS	National Centre for Rural Development and Durable Solutions
NDC	Nationally Determined Contribution
NETP	National Emergency Telecommunications Plan
NGOs	Non-Governmental Organisations
NTP	National Transformation Plan
OPM	Oxford Policy Management
PWDs	Persons with disabilities
SACCOs	Savings and Credit Cooperative Organisations
SNBS	Somalia National Bureau of Statistics
SomRep	Somalia Resilience Programme
SoDMA	Somali Disaster Management Agency
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children’s Fund
VSLA	Village Savings and Loan Association
WB	World Bank
WFP	World Food Programme

1 Introduction

1.1 Purpose of the Analysis: Importance of Integrating Gender Equality and Social Inclusion (GESI) in Climate and Disaster Risk Finance and Insurance (CDRFI)

Climate change poses significant challenges, with its impacts disproportionately affecting the most vulnerable groups, particularly women. While tools such as credit access, savings mechanisms, and affordable insurance can help reduce the financial toll of climate-related events, how these risks are experienced varies widely across genders and other social categories in Somalia.¹ These differences stem from entrenched inequalities often rooted in uneven development processes and social norms, which heavily influence vulnerability to climate risks. Individuals and communities marginalised across social, economic, cultural, political and institutional dimensions are especially at risk – not only from the direct effects of climate change but also from certain adaptation and mitigation measures.² This unequal burden underscores the importance of inclusive approaches to climate action and the need for targeted strategies that address underlying vulnerabilities while avoiding unintended negative consequences.

CDRFI is a vital tool for strengthening resilience to climate-related shocks. However, without the deliberate incorporation of GESI, these mechanisms may fall short of adequately supporting those most at risk. A deeper understanding of why climate hazards disproportionately impact certain groups due to structural inequalities is essential. This knowledge is key to developing effective, tailored solutions. Achieving this requires moving beyond a focus on the physical effects of climate change and adopting a more comprehensive approach that includes an analysis of the socio-economic dimensions. Somalia is still in the process of developing a comprehensive CDRFI architecture, with recent diagnostics highlighting significant gaps in pre-arranged financing instruments and ongoing efforts under the Global Shield In-Country Process (ICP) to identify and design appropriate CDRFI solutions.³ Given the nascency of CDRFI in Somalia, this report reviews how GESI is (or can be) integrated into existing CDRFI-relevant policies and programmes in Somalia, identifying gaps, barriers and potential

access points for the inclusion of women and marginalised groups. It offers some recommendations for improving inclusion in an emergent CDRFI landscape within a fragile and conflict-affected state. The report also seeks to inform current and future discussions on the need to embed GESI into CDRFI frameworks, ensuring that vulnerable populations can access essential financial resources to build resilience and better cope with the economic impacts of climate disasters.

1.2 Key GESI Issues in CDRFI

Several GESI-related issues need to be addressed to build a more inclusive CDRFI environment in Somalia, with more detailed discussion provided in Sections 4.1 and 4.2. Women and girls face severe impacts from climate shocks due to entrenched gender norms, limited access to resources and decision-making, and the burden of unpaid care work. These risks are particularly acute in rural and pastoralist communities and are compounded by displacement and exposure to gender-based violence in internally displaced persons (IDPs) camps, where protection and participation in disaster response remain limited. Children and youth are also highly vulnerable, with drought and displacement leading to widespread malnutrition, school dropouts, and disrupted access to education and health services. These also heighten other risks such as child marriage for girls, and recruitment by armed groups for male youth. Persons with disabilities (PWDs) experience further marginalisation, as physical barriers, lack of inclusive infrastructure, and exclusion from early warning systems can restrict access to humanitarian assistance and financial tools, leaving them more exposed during crises and limiting recovery options. Finally, Somalia's large displaced and marginalised populations, now over 3.8 million IDPs⁴, face layered vulnerabilities, particularly among women, children, minority clans, and PWDs, who often encounter unequal access to housing, healthcare, food, and financial support. Without targeted CDRFI measures that account for these intersecting risks, displacement and climate shocks will continue to deepen protection concerns, economic exploitation, and cycles of chronic poverty in a fragile conflict-affected context.

1.3 Scope and Objectives

This report begins by largely exploring the extent to which GESI considerations have been integrated into CDRFI policies, strategies, and programmes in Somalia. However, to complete a fragility-sensitive GESI analysis of CDRFI in Somalia, the report had to move beyond a surface-level application of GESI principles to examine the underlying structural drivers of vulnerability.

To begin, the report reviews the country's high vulnerability to climate shocks and the disproportionate impact these can have particularly on marginalised groups like women, youth, IDPs, PWDs, and minority clans. It examines current CDRFI frameworks and assesses how these do or do not reflect inclusive risk mitigation and financial protection measures by:

- › Assessing the current level of gender and social inclusion – including identifying gaps within Somalia's existing CDRFI-relevant strategies, instruments, and institutional frameworks.
- › Identifying promising practices and entry points for integrating GESI into CDRFI initiatives in Somalia.
- › Providing practical policy and programmatic recommendations to strengthen gender-responsive and socially inclusive CDRFI mechanisms at both national and subnational levels.

Additionally, the analysis is situated within a set of factors that are particular to Somalia, and these are: the climate-security nexus, the complexities of Somalia's hybrid governance system*, and the critical role of indigenous resilience mechanisms. The findings aim to support Somalia's efforts to build an equitable, inclusive, and resilient financial risk system that effectively protects and empowers everyone, especially those likely to be most vulnerable like women and marginalised groups.

* Somalia's governance system is often described as "hybrid" because authority and service delivery are shared among formal state institutions (federal and state governments), customary and clan-based systems (including elders and customary law), religious authorities, non-state actors, and, in some areas, armed groups exercising de facto control. This fragmentation shapes how resources are allocated, disputes are resolved, and services, including financial and risk-financing mechanisms, are accessed in practice.

2 Methodological Approach

2.1 Research Methods

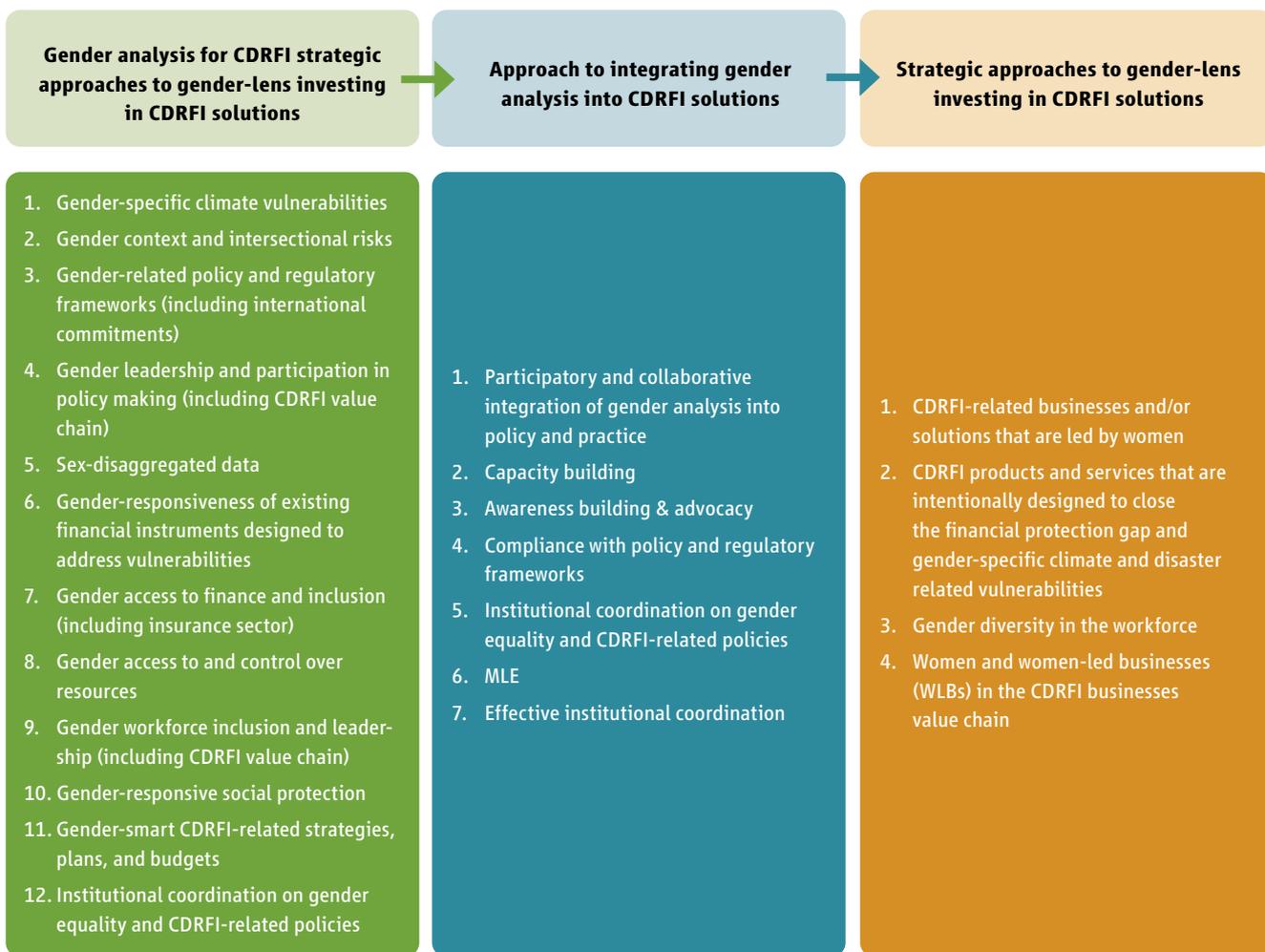
The study largely employs desk-based research, supplemented by some key informant interviews (KIIs), to evaluate GESI within Somalia's CDRFI landscape. It began with an in-depth review of national planning documents, policies, programmes, and insurance models relevant to CDRFI. Key documents analysed included Somalia's National Transformation Plan (NTP 2025–2029), the Nationally Determined Contribution (NDC), and the National Climate Change Policy (NCCP), the World Bank's Disaster Risk Finance (DRF) Diagnostic for Somalia, and other GESI and/or climate-related assessments which have been used as background information for this review. To complement the desk-based review with insights from KIIs, a stakeholder mapping was conducted through virtual discussions with the in-country support structure to identify relevant actors in Somalia's CDRFI context. These discussions helped identify key informants from government entities, development partners, the private sector, and non-governmental or community service organisations (NGOs/CSOs). Seven key informants (see Annex A) were interviewed to explore practical experiences, challenges, opportunities and entry points for enhancing inclusion in Somalia's disaster risk financing ecosystem.

2.1.1 Intersectional Approach to CDRFI

The study used an intersectional approach to ensure that gender-mainstreaming and vulnerability factors – including socio-economic status, geographic location – were considered when examining existing or potential CDRFI interventions. This approach recognises the varied experiences of women and marginalised groups in Somalia.

Figure 1 presents the three-pillar framework for the GESI analysis applied in this review. Pillar 1 consists of a structured GESI analysis with 12 components, covering issues such as climate-related vulnerabilities, policy environments, financial aspects, and institutional factors. Pillar 2 translates these findings into practice through seven targeted strategies. Pillar 3 links these strategies to four expected outcomes, establishing a direct path from analysis to implementation. The framework shows how GESI analysis guides integration methods that shape recommendations for inclusive CDRFI systems. This report applies Pillar 1 to systematically assess GESI-specific vulnerabilities and intersectional risks in Somalia's CDRFI context and then applies Pillars 2 and 3 to develop strategic recommendations and practical implementation steps.

Figure 1. Analytical Framework for GESI-inclusive CDRFI



Source: OPM

2.2 Limitations of the Study

Somalia's prolonged conflict and complex geopolitical context have created significant information gaps about the country's development progress. This is evident in the absence of key global measures, such as the Human Development Index, which this report does not outline due to limited data. Consequently, this study relies on the available evidence gathered through the methods described in the report within a specified timeframe (May – September 2025). A subsequent result, and limitation, of these information gaps is the lack of gender-disaggregated data on climate risk, exposure, and vulnerability in Somalia, which creates challenges in identifying and evaluating the GESI-responsiveness of potential CDRFI policies and assessing the impact of existing programmes on vulnerable populations. Given the study was largely based on desk research and conducted within a short timeframe, there were limited opportunities to gather perspectives directly from communities. To help address this, interviews were conducted with key stakeholders from organisations such as the Berghof

Foundation, Food and Agriculture Organisation (FAO), World Food Programme (WFP), and the Zamzam Foundation, as these actors are regularly engaged with marginalised groups and are deemed well-positioned to reflect local perspectives.

Moreover, with the focus on the integration of gender considerations in CDRFI policies and programmes in Somalia, with a particular emphasis on women and girls, this analysis only partly addresses the specific vulnerabilities of other social groups disproportionately affected by climate-related shocks.

Taken together, these constraints affect the level of granularity at which gender responsiveness within CDRFI can be assessed. The findings should therefore be interpreted as indicative rather than exhaustive, and the recommendations understood as strategic entry points for strengthening gender responsiveness of CDRFI.

3 Country Context and Profile

3.1 Geographic Location and Vulnerability to Climate Hazards

Somalia represents a critical case study in the intersection of climate vulnerability, protracted conflict, and state fragility. Ranked 3rd out of 191 countries in the 2024 INFORM Risk Index due to its high exposure to drought, floods, and conflict-driven displacement,⁵ it is one of the world’s most climate-vulnerable nations. This inherent vulnerability is compounded by decades of conflict, which have eroded state capacity, fragmented governance structures, and exhausted community coping mechanisms. Consequently, Somalia must be understood not simply as a climate-vulnerable country, but as a quintessential Fragile and Conflict-Affected State (FCAS) where climate shocks, political instability, poverty, and social dynamics are deeply and systemically intertwined.

Over 70 % of the Somali population rely on climate-sensitive agriculture, livestock, and fisheries for their livelihoods.⁶ The impacts of climate hazards on livelihoods and lives are both widespread and a leading driver of poverty. Climate shocks have led to crop failures, water scarcity, and livestock deaths.⁷ Central and northern regions regularly experience drought and desertification, while coastal regions face cyclones and flash floods and riverine areas are exposed to flooding. These hazards are exacerbated by weak infrastructure, unregulated land use, deforestation, and inadequate early warning systems.⁸

3.2 Socio-Political and Economic Vulnerabilities Related to Climate Risks

Between 70 % to 80 % of Somalia’s population (about 19.6 million)⁹ is rural and/or nomadic, dependent on climate-sensitive livelihoods like subsistence agriculture and pastoralism.¹⁰ Somalia’s socio-political and economic vulnerabilities related to climate risks are significantly heightened by high poverty rates in a fragile and conflict-affected setting.¹¹ With a per capita income of US\$592, Somalia is among the 5 poorest countries in the world, with 54 % of Somalis living below the national poverty line in 2022.¹²

Table 1. Poverty Rates in Somalia¹³

Category/Group	Poverty Rate (Multidimensional Poverty)
Nomadic population	81.5 %
Rural vs. Urban	74.3 % vs. 61.7 %

Source: Authors, using data from Somalia National Bureau of Statistics (SNBS) and Ministry of Labour and Social Affairs (MoLSA) (2024).

This cycle of climate-induced risks within Somalia's FCAS context has also negatively impacted agriculture and pastoralism, the bedrock of the nation's economy and livelihoods.¹⁴ The direct consequences include critical water scarcity and widespread food insecurity, both of which have fuelled one of the world's largest

internal displacement crises.¹⁵ In 2018 alone, over 2 million Somalis had to leave their homes in search of sustenance and safety, with 75 % of them moving to urban areas (see section 4 for more details on IDPs).¹⁶

Table 2. Key Socio-Economic Indicators¹⁷

Indicator	Year 2022
Gross Domestic Product (GDP) growth (annual %)	2.43
Poverty headcount ratio at national poverty lines (% of population)	54.40
Literacy rate, adult total (% of people ages 15 and above)	41.03
Fertility rate, total (births per woman)	6.20
Life expectancy at birth, total (years)	56.11
Mobile cellular subscriptions (per 100 people)	50.26
Access to electricity (% of population)	48.9
Violence against civilians (number of events)	409
Conflict-related internal displacements (number of displaced persons)	621,000
Youth (≤35 years) share of population (%)	80
Youth unemployment rate (%)	27

Source: Authors, using data from World Bank (2025).

4 Differential Vulnerabilities to Climate and Disaster Risks

The 2024 INFORM Risk Index and the World Bank’s 2025 DRF Diagnostic for Somalia¹⁸ describe the key climate risks and hazards in Somalia to be prolonged droughts, seasonal flash floods, desertification, cyclones along the coast, and climate-sensitive health crises such as cholera and malnutrition outbreaks. Climate risks and hazards however do not impact all Somalis equally. Different groups face varying levels of vulnerability to climate change due to factors such as gender, age, social status, clan, disability, and

other sociocultural characteristics. Differences in experiences of vulnerability mean that climate risks often disproportionately affect women, men, and marginalised populations in distinct and intersectional ways. To adequately address these intersecting dimensions of vulnerability, a differentiated (rather than one-size-fits-all) approach to CDRFI seeks to identify and address the unique needs of different groups.

Table 3. Key Vulnerabilities by Demographic Group in Somalia

Group	Key Vulnerabilities
Women	Limited/no landownership, financial exclusion, gender-based violence
Youth	Unemployment, mobility constraints, exclusion from decision-making
IDPs	Settlement in climate-vulnerable (often urban) zones, poor service access
PWDs	Barriers to evacuation, aid access, financial protection
Rural Population	High exposure to drought, floods, market inaccessibility
Minority Clans	Land insecurity, political marginalisation, poor access to resources

Source: Authors.

4.1 Gender Differential Impacts of Climate and Disaster Risk

Gendered roles are deeply embedded in Somalia’s social fabric, and women’s and men’s prescribed responsibilities and rights shape what they can do and access.¹⁹ Somalia’s patriarchal, clan-based social order entrenches gender inequality, including women’s secondary clan status and lower diya payments – the customary compensation provided for injury or death – compared to men.²⁰ Women are widely excluded from decision-making, property ownership, and free movement, leaving them especially vulnerable during climate shocks when access to natural resources tightens. Predominant use of customary law and certain applications of Shari’ah further limit women’s access to justice, reinforcing these constraints.²¹

About 46.5 % of women have had no access to formal education.²² Land ownership is a critical area of inequality, with about 19.5 % of women owning or having secure rights over agricultural land (compared to 42.3 % of men), severely restricting their ability to invest or secure credit.²³ About 45 % of women aged 20-24 were married by/before the age of 18.²⁴ Cultural norms often limit their participation in community decision-making forums where adaptation strategies are discussed.²⁵ During climate crises, women’s burden of caregiving responsibilities increases exponentially. In displacement settings, women’s vulnerability to Sexual and Gender-Based Violence, child marriage, and economic exploitation is dangerously heightened.²⁶ The prevalence of female genital mutilation (FGM) among women aged 15–49 in Somalia is about 99 %.²⁷ In regions, like Puntland and Somaliland, where the prevalence is relatively (though not significantly) lower,

there is evidence that climate shocks can drive up FGM rates like a drought crisis entangled in clan conflicts did in Somaliland in 2022.²⁸ This is further exacerbated by women's and girls' limited access to maternal and child healthcare and hygiene services.²⁹ In Somalia, where the maternal mortality ratio remains alarmingly high at an estimated 692 deaths per 100,000 live births, climate-induced crises directly intensify the already critical gaps in care.³⁰ The consequences are stark: prolonged droughts and subsequent funding cuts have led to the closure of health centres and mobile health teams, cutting off tens of thousands of rural and displaced villagers from critical care, including antenatal and nutritional support.³¹ This systemic breakdown in the continuum of care, coupled with water scarcity and displacement, is directly linked to soaring rates of preventable maternal and child deaths from complications like sepsis, haemorrhage, and waterborne diseases such as cholera and acute watery diarrhoea.³²

4.2 Differential Vulnerabilities of Other Affected Groups

Climate and disaster risks disproportionately affect various vulnerable groups, compounding pre-existing inequalities, and creating new barriers to resilience. In Somalia, climate change and increasing climate variability are now widely recognised as key drivers of conflict, as competition over scarce resources intensifies clan divisions and fuels inter-clan violence.³³ These impacts are especially severe for children, PWDs, displaced populations, and minority clans.

Climate-related hazards such as prolonged droughts, flash floods, and extreme temperatures significantly undermine **children's** health and development. As of mid-2023, 1.8 million children under the age of 5 were projected to suffer from acute malnutrition, exacerbated by climate-induced food insecurity and displacement.³⁴ Children from displaced households face compounded challenges including early marriage, child labour, and reduced access to psychosocial support. Children are also disproportionately affected by climate-sensitive diseases such as cholera, diarrhoea, malaria, and stunting due to malnutrition, especially in IDPs settlements.³⁵ Existing estimates indicate that children who experience stunting due to malnutrition earn, on average, 20 % less as adults.³⁶ The systemic erosion of child health and developmental potential represents a loss of human capital and creates a future where the next generations lack the physical and cognitive capacity to sustain economic growth or maintain social stability.

Representing an estimated 11.7 % of the total population,³⁷ **PWDs** face significant barriers to accessing early warning systems, health services, shelters, and water during climate-related emergencies.³⁸ Limited mobility and lack of inclusive infrastructure severely restrict evacuation and access to humanitarian aid. Social stigma, limited inclusion in disaster preparedness planning, and low representation in community leadership increase their vulnerability.³⁹ Disability-inclusive disaster risk management (DRM) remains minimal across Somalia's national and regional resilience frameworks.⁴⁰

Somalia is home to **over 3.8 million IDPs**,⁴¹ a population displaced by the combined impacts of decades of conflict and recurring climate shocks. In contrast to countries where displaced populations are primarily housed in a limited number of large camps, Somalia's IDPs are spread across more than 2,400 sites. About 85 percent of these sites are informal settlements situated on privately-owned urban land.⁴² This highly urban dispersion (about 47 % of Somalia's total population is urban),⁴³ combined with the lack of a robust land tenure framework, puts many IDPs at heightened risk. Without secure land rights or effective legal protections, they frequently face forced evictions and have minimal access to justice, often lacking legal recognition, food security, and access to any public services.⁴⁴ Additionally, a key informant noted that as a growing share of Somali youth (those under 30) live in urban areas, they increasingly operate within a largely cashless, mobile-money-based economy. While this shift has expanded transactional access for low-income women traders – many of whom buy and sell goods using e-money rather than cash – it also introduces new vulnerabilities. Women who rely exclusively on mobile money may be disproportionately exposed to service disruptions, regulatory changes, digital exclusion, or fraud, particularly during climate-related shocks when telecommunications networks, agent liquidity, or identification requirements may be compromised.⁴⁵

About 5-10 % of Somalia's population are from **minority clans**.⁴⁶ Somalia's clan-based system, structured under the 4.5 model, allocates political representation to the four major clans and a "half" share to minority groups. This power-sharing system significantly influences the vulnerabilities faced by these marginalised groups (i.e. those who are from minority clans), especially during climate disasters.⁴⁷ Public services, land, and protection are often distributed through clan networks, leaving marginalised communities such as Bantu, Bravanese, and Gabooye systematically excluded from relief and adaptation efforts.⁴⁸ These groups, often without strong clan backing, face barriers to land access, forced evictions, and limited recourse to justice.⁴⁹

4.3 Access and Barriers to Financial Resources

Somalia's financial landscape presents a compelling paradox. On one hand, it is a global leader in mobile money adoption, creating a dynamic and largely cashless economy that has expanded financial access to millions.⁵⁰ On the other, as this section shows, deep-seated structural, cultural, and educational barriers perpetuate significant inequalities, systematically excluding women, displaced persons, and other marginalised groups from the full benefits of financial inclusion. While innovative digital platforms and resilient informal systems provide crucial lifelines, they operate alongside a nascent formal financial sector that struggles to reach the most vulnerable in a political economic context of conflict and state-building.⁵¹ This section reviews some key channels of financial access and the persistent barriers that define the experience of women and marginalised communities in Somalia, drawing on a GESI-sensitive lens to understand the complex interplay of opportunity and exclusion:

› **Widespread Access to Mobile Money:** The most significant enabler of financial access in Somalia is the widespread penetration of mobile money.⁵² With over 81 % of women and 82.5 % of men using mobile money services, this technology has become the primary mode of financial inclusion, far surpassing formal banking.⁵³ This high adoption rate is attributed to several factors, including the depreciation of the local currency, the insecurity of carrying cash, and the absence of transaction fees for most internal transfers.⁵⁴ For women, urban dwellers, rural populations, and IDPs, mobile money has been transformative, providing a crucial channel for receiving remittances, conducting daily transactions, and accessing humanitarian cash assistance.⁵⁵ Digital mobile technology has effectively leapfrogged the need for traditional banking infrastructure, widening access to basic financial transactions for millions who were previously unbanked and financially excluded.⁵⁶

› **Informal Financial Systems and Structures:** Alongside the digital revolution, traditional informal financial systems remain a cornerstone of community resilience, particularly for women. Women-led informal savings groups, such as *hagbad* (Rotating Savings and Credit Associations, or ROSCAs) and Village Savings and Loan Associations (VSLAs), are reliable platforms for social support and economic empowerment.⁵⁷ Operating on a foundation of deep social trust, these groups allow women to access lump-sum capital and emergency loans without the formal collateral, literacy requirements, or male guarantors that exclude them from the formal banking sector. As noted by several key informants interviewed, these systems are more than just financial coping mechanisms; they are vital social safety nets and spaces where women build solidarity, share challenges, and encourage one another, especially during crises.⁵⁸ For many women, particularly those in IDPs camps or rural areas, VSLAs and *hagbad* represent their only viable pathway to accumulating capital and building financial resilience.⁵⁹

› **Leveraging Existing Channels:** While still nascent, formal and semi-formal channels are beginning to emerge with a more inclusive focus. The government-led national safety net programme, Baxnaano, provides shock-responsive unconditional cash transfers and explicitly prioritises women as the direct recipients to enhance their economic autonomy.⁶⁰ Furthermore, financing facilities like Gargaara, supported by the World Bank, have demonstrated a commitment to inclusion, with 45 % of its 1,600+ loans being directed to women-owned businesses.⁶¹ Microfinance institutions (MFIs) are also playing a role. For instance, Kaah International Microfinance Services has developed a model that specifically targets displaced populations, combining loans with mandatory financial literacy and business skills training to build capacity alongside providing capital.⁶² These initiatives signal a positive trend toward creating more structured and GESI-responsive pathways to formal finance, although their coverage remains limited relative to the national need.

Despite some progress in increasing financial access, several challenges limit financial inclusion in Somalia. Here, we highlight two of those primary challenges for more inclusive CDRFI:

- › **Limited financial and digital literacy:** A primary barrier preventing deeper financial inclusion is the widespread low level of financial, digital, and general literacy, which disproportionately affects women. While the use of mobile money for simple transactions is high, understanding more complex financial products like credit or insurance requires a level of literacy that a large portion of the population, particularly women in rural areas and IDPs camps, does not possess.⁶³ The adult female literacy rate in 2020 was 36.2 % (compared to 43.8 % for males), with this figure declining to 23.8 % for rural women and 10.5 % for nomadic women.⁶⁴ Low digital literacy can lead to lack of privacy and ownership when women have to rely on others' phones and to access their social grants;⁶⁵ it can also lead to errors in transactions, such as sending funds to incorrect recipients.⁶⁶ This literacy gap creates a high risk of exclusion, mistrust, and vulnerability to exploitation, effectively preventing women and marginalised groups from confidently engaging with any financial product beyond basic transfers. Without significant investment in building this human capital, even the most well-designed financial products will fail to reach and benefit the most vulnerable.
- › **Structural and Cultural Exclusion:** The formal financial sector in Somalia remains largely inaccessible to women and marginalised groups due to a combination of structural and cultural barriers.⁶⁷ Ownership of a formal bank account is extremely low, at just 6.3 % for women compared to 11.2 % for men.⁶⁸ Women face significant discrimination in accessing credit due to high collateral requirements, which they often cannot meet due to weaker land and asset ownership rights. Even when collateral is available, banks frequently require a male guarantor, reinforcing patriarchal norms and limiting women's financial autonomy.⁶⁹ This is compounded by a deep-seated, often faith-based distrust of conventional insurance, which is widely seen as incompatible with Islamic (Shari'ah) principles.⁷⁰ While Takaful (Islamic insurance) is a potential viable alternative,⁷¹ the market currently lacks tailored, accessible, and affordable micro-Takaful products designed for low-income households, pastoralists, and smallholder farmers, leaving the vast majority of women and marginalised groups without access to appropriate risk management tools. Without wider financing options, women's businesses, which account for over half of all household enterprises in Somalia, are often confined to the informal sector with limited opportunities for growth.⁷²

4.3.1 Impact of Intersectionality on Vulnerability

Intersectionality looks at how overlapping forms of exclusion and marginalisation combine to shape unequal social and economic outcomes across people and groups, reflecting who they are (for example, age, gender, disability, ethnicity) and their circumstances (for example, household structure, migration status, marital status). This lens is crucial for climate and disaster risk analysis because layered identities can compound exposure and vulnerability. An intersectional approach to analysis in Somalia would examine how factors such as gender, age, disability, clan/minority identity, and displacement status interact within a fragile and conflict-affected setting. This interaction shapes who is deemed exposed and susceptible to climate-related hazards, considered "potentially" vulnerable (a humanitarian lens), as well as those who are "actually" vulnerable due to chronic deprivation (social protection lens).⁷³ Both of these lenses are essential for understanding climate and disaster risk and for inclusive programme design in Somalia. Local categorisations of extreme deprivation are also key here.

In Somalia, being zakat-worthy – considered so poor and socially unsupported that community almsgiving is warranted – was reported as a more meaningful proxy for severe vulnerability than standard means tests. Being zakat-worthy implies not only poverty but also the absence of family or clan support, and can include men or women (e.g., widows, abandoned wives, or men caring for children alone).

As reviewed in section 4.2, differential vulnerabilities are pronounced for women, children, IDPs, PWDs, and minority clans. For example, acute malnutrition among children under five affected over a million children amid drought driven food insecurity and disease risks, with elevated exposure to cholera, diarrhoea, and malaria particularly acute in IDPs settlements.⁷⁴ Here, geography (e.g., being in an IDPs camp) and social stratification compound risks. With one of the world's largest IDPs populations (over 3.8 million), many of those displaced live in informal sites (85 % of the more than 2,400 IDPs sites) exposed to flash floods or extreme heat and face severe shortages of food, water, healthcare, shelter, and protection.⁷⁵

Applying intersectionality to ensure inclusive CDRFI in Somalia means explicitly combining the humanitarian lens (hazard susceptibility, early action) with the social protection lens (chronic deprivation, inclusive delivery) to address overlapping disadvantages.

5 National Policies, Programmes, and International Frameworks

Somalia has made incremental progress in developing policies and frameworks relevant to CDRFI. However, these frameworks often remain silent on GESI components and/or face limited implementation, particularly in areas of financing, risk transfer, and data disaggregation. This needs to be framed within what is still a nascent CDRFI landscape in Somalia's fragile context.

Despite some recent progress – such as participation in the African Risk Capacity (ARC), pilot drought insurance programmes, and limited introductions of micro-insurance – the overall CDRFI infrastructure (i.e. formalised instruments) in Somalia remains at an early, formative stage. Most risk-transfer and financial protection instruments are still in pilot or initial rollout phase, and coverage is extremely limited relative to national needs.⁷⁶ Given Somalia's FCAS context, the bulk of disaster response continues to depend on humanitarian aid and ad hoc donor funding, rather than pre-arranged, institutionalised risk-sharing tools. Key structural elements (e.g., enabling regulations, broad risk analytics, multi-layered financing strategies, and gender/inclusion targeting) are largely under-developed, with still minimal practical integration across government agencies and with private financial institutions.⁷⁷ Both the existing national strategies and the operational CDRFI landscape are characterised by limited implementation experience, nascent institutional capacity, focus on DRM, and an absence of wide-reaching, inclusive solutions. In this context, considerations for GESI matter even more, given that women and marginalised groups are particularly at risk in Somalia. As some of the evidence presented in earlier sections suggest, these groups face heightened exposure to climate shocks and its negative impacts.⁷⁸

5.1 Review of CDRFI-Related National Policies, Strategies and International Frameworks

Internationally, Somalia is a Party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, with an active NDC. The country participates in the Sendai Framework, with **Somali Disaster Management Agency (SoDMA)** as the focal point.⁷⁹ It has also committed to the 2030 Agenda for Sustainable Development Goals. On the other hand, it has not ratified the Convention on the Elimination of all forms of Discrimination Against Women.

Somalia's national CDRFI strategies are still nascent and limited in scope, with few targeted measures for women-headed households or PWDs.⁸⁰ Efforts to expand CDRFI will need to begin by incorporating or emphasising GESI from existing CDRFI-relevant policies and schemes (see Table 4 for examples).

Table 4. Legal and Policy Commitments Relevant to GESI and CDRFI in Somalia

Gender Equality and Women's Empowerment	
2012	Provisional Federal Constitution guarantees women's rights and gender equality
2014	Re-establishment of the MoWHRD
2015	Ratification of the Convention on the Rights of the Child
2016	Adoption of the National Gender Policy
2019	Ratification of the Convention on the Rights of Persons with Disabilities
2020	Adoption of the Somali Women's Charter, and National Development Plan integrates gender policy
2022	First gender inclusive Voluntary National Review, and Somalia SDG Goal Tracker, linking the National Development Plan to SDG financing. Somali National Action Plan for the implementation of the Somali Women's Charter and UN Security Council Resolution 1325
Climate Change	
2012	Provisional Federal Constitution gives priority to the protection, conservation, and preservation of the environment
2015	Submitted the intended Nationally Determined Contribution
2018	Somalia Recovery and Resilience Framework, which includes support to strategies that are gender sensitive. Submitted the first National Communication, which includes gender mainstreaming as a capacity building need and constraint to supporting implementation of the UNFCCC.
2020	National Drought Plan for Somalia, which includes commitment to using gender-sensitive approaches in drought risk and vulnerability assessments. Approval of the National Climate Change Policy, and National Development Plan integrates climate change concerns
2021	Submitted the Updated Nationally Determined Contribution (NDC), which includes gender mainstreaming as a priority for climate mitigation and adaptation sectors. National Water Resource Strategy 2021-2025, which includes gender and equity in service delivery as a sub-strategy.
2022	Developed the National Adaptation Plan (NAP) Framework, which includes commitments on gender-responsive approaches and principles in the process.

Source: UNDP. (2024). Gender and Climate Change Adaptation Toolkit.

Key national policy frameworks such as the **NTP 2025–2029** have begun to explicitly identify women, youth, and IDPs as vulnerable groups. However, these strategies lack detailed gender- and inclusion-sensitive actions, indicators, and dedicated financing arrangements for CDRFI. For example, the NTP 2025-2029 uses generic language, and institutional mechanisms to operationalise intersectional equity in CDRFI are not well defined.⁸¹ The **National DRM Policy** promotes gender equality as a principle in disaster risk reduction, but lacks operational guidelines for integrating GESI into financial instruments.⁸² The **National Gender Policy** calls for gender mainstreaming across all sectors but does not provide concrete measures to address women’s specific needs in disaster risk financing. Similarly, the **National Adaptation Programme of Action (NAPA)** highlights women’s heightened vulnerability to climate change impacts but stops short of proposing tailored measures for their access to CDRFI.⁸³ Conversely, Somalia’s National Adaptation Plan (NAP) framework is a more comprehensive strategy that aims to be deliberately gender-responsive, recognising women as agents of change rather than simply identifying their needs.⁸⁴ Emphasising gender-equitable and socially inclusive approaches, it calls for women and marginalised groups to be part of decision-making processes, including by enhancing their access to climate finance, technology, and information.⁸⁵ This proactive approach seeks to empower women economically, making them more resilient rather than just providing projects to protect them from immediate threats. The **Solutions Pathways Action Plan (2024–2029)** is Somalia’s flagship framework for advancing durable solutions for displaced and other vulnerable communities, offering a phased, costed, and results-oriented roadmap endorsed at the highest levels of government. Integrating CDRFI alignment to this plan will strengthen coherence with national strategies focused on displacement and rural vulnerability, and helps operationalise area-based, people-centred financial protection for IDPs, host communities, and rural populations. Alongside the NTP, NAP, and NDC, it clarifies how risk financing can reinforce durable solutions outcomes while embedding inclusion and accountability within government-led processes. Here, **the National Centre for Rural Development and Durable Solutions (NCRDS)** may be key as a coordination platform. NCRDS is the Federal Government’s mandated institution to coordinate rural development, resilience, and durable solutions, established by law and decree in early 2025 to consolidate leadership across a ‘whole-of-government’ approach. Positioning CDRFI and Global Shield’s engagement alongside the NCRDS will clarify the institutional locus for area-based, government-led action focused on displacement-affected and rural populations and align risk financing with durable solutions priorities.⁸⁶

The **2025 NDC 3.0** emphasises a gender-responsive and disability-inclusive approach, rooted in participatory, inclusive governance. The NDC 3.0 acknowledges the vulnerabilities of women, PWDs, IDPs, children, and elderly to climate impacts and commits to mainstreaming inclusion in climate action.⁸⁷ The inclusion of a cross-sectoral committee, comprising federal ministries, member states, the private sector, and civil society, signals institutional recognition of the links between climate action and social equity. The **NCCP** similarly names GESI as essential for effective climate response, stating that successful adaptation and mitigation depend on integrating the perspectives and needs of women and marginalised groups. However, both the NDC and the climate policy lack specific operational guidance on embedding these inclusive principles in CDRFI mechanisms particularly around gender targeting, budget allocations, and accountability frameworks. As a result, existing national frameworks and policies form a foundation for gender-responsive CDRFI, but they often remain top-down mechanisms.⁸⁸ The absence of actionable guidelines, expertise of GESI specialists, and dedicated resources still limit equitable access to CDRFI tools for women and marginalised groups like PWDs and rural producers.

It is clear that institutional arrangements in Somalia must continue and accelerate to embed GESI to back priority setting, decision-making, and delivery of inclusive actions and strategies in CDRFI programmes and projects. Lead entities may differ by project (e.g., Ministry of Environment and Climate Change (MoECC), Ministry of Finance (MoF), and relevant line ministries), but the designated lead should convene and maintain inclusive coordination structures. The scope and strength of GESI commitments signal political will and define entry points to drive tangible inclusion at national level, including within CDRFI interventions. Reviewing national policy frameworks on GESI and climate change (e.g., DRM, climate adaptation, CDRFI) surfaced existing efforts to build on, current institutional capacity for gender inclusion, and gaps that CDRFI specific policies or interventions can close to strengthen long term inclusion.

5.2 Programmes and Initiatives on CDRFI

Somalia’s disaster risk financing architecture relies primarily on a combination of international mechanisms and emerging domestic instruments, though coverage remains extremely limited relative to national needs. The country participates in the **ARC**, which provides parametric insurance against climate risks and has delivered concrete payouts. It appears that Somalia received about \$1.45 million in 2025 and **Start Network** received \$727,855 through the **ARC Replica programme** to support drought-affected communities.⁸⁹ However, these mechanisms still lack systematic integration of GESI considerations in their design and implementation, especially since the **SoDMA** has limited institutional capacity to mainstream GESI into CDRFI coordination.⁹⁰

Complementing these risk transfer mechanisms, the **Gargaara Financing Facility**, supported by the World Bank, provides concessional financing to participating banks and MFIs scaling from an initial \$15 million to \$59 million by December 2024 to reach agriculture, fisheries, livestock, and renewable energy sectors. 45 % of Gargaara’s 1600+ loans have been to women-owned businesses, setting as a prime example for a more inclusive CDRFI landscape in Somalia.⁹¹

Table 5 below presents a snapshot of other initiatives that are relevant to Somalia’s CDRFI landscape with potential to expand with more or better integrated GESI considerations.

Table 5. CDRFI-Relevant Initiatives and GESI Integration

Programme / Initiative	Lead Agency	CDRFI Type	GESI Integration
SNHCP Cash Transfers	MoLSA, WB, WFP	Social Protection	Targets female-headed households but lacks insurance component
ARC Technical Engagement	ARC, MoF, SoDMA	Sovereign Insurance	GESI not yet integrated in drought model or consultations
Anticipatory Action (AA) Pilots	WFP, OCHA, FAO	Forecast-Based Finance	Uneven mobile access among women; low participation
United Nations Development Programme (UNDP) Insurance and Risk Finance Facility	UNDP, FGS	DRF Policy and Innovation	GESI integration not yet defined

Source: Authors.

5.2.1 Insurance Product Design

Somalia has one of the lowest insurance penetration rates globally, estimated at less than 1 % of GDP.⁹² No specific data was found breaking down insurance penetration by gender, suggesting a significant data gap in Somalia's insurance sector analysis. The country's insurance sector is experiencing early-stage recovery after decades of absence, with a growing number of Shari'ah-compliant providers emerging to serve the country's 99 % Muslim population. Key players include the:

- › **Islamic Insurance Company (Fiso-Takaful)**, which offers various Islamic insurance products as well as livestock and agricultural insurance.⁹³ There was no publicly available data on GESI targets, gender-disaggregated beneficiary data, or social inclusion metrics for FISO Takaful at the time of research.
- › **Takaful Insurance of Africa – Somalia (TIASOM)** is the largest insurance provider in Somalia and the main provider of Islamic (Shari'ah-compliant) insurance in the country. **SomRep (Somalia Resilience Programme)**, in partnership with the International Livestock Research Institute (ILRI), Takaful Insurance of Africa, and the Somali Ministry of Livestock among others. They have formed the **Somali Livestock Insurance Consortium** to support product design, awareness raising, and pilot delivery in Somalia. They operate an **Index Based Livestock Insurance**. ILRI also works with **APA Insurance** and **Oromia Insurance** to apply similar models. While SomRep has a formal gender and social inclusion strategy, it does not seem to publicly report female-specific targets or ratios for insurance uptake in Somalia.⁹⁴
- › **Salaam Somali Bank** is a major provider of livestock insurance. It is also a key partner to the World Bank's De-risking, Inclusion, and Value Enhancement of Pastoral Economies in the Horn of Africa (**DRIVE**) project, which provides pastoralists with drought insurance and other financial services. Under the DRIVE project, which is currently in its second phase and has reached over 130,000 Somali pastoralists,⁹⁵ Somalia has demonstrated the strongest uptake of livestock index insurance among Horn of Africa countries, indicating significant potential for culturally aligned CDRFI products.⁹⁶

The Central Bank of Somalia (CBS) is also facilitating this growth through regulatory development, including through recently adopting a National Takaful Law in May 2025 and launching the official licensing process for Takaful service providers in July 2025.⁹⁷ The World Bank estimates there were 12 Takaful operators active in 2023 in Somalia, with assets totalling \$78 million.⁹⁸

Climate-specific insurance remains limited, with most existing insurance products focused on health, life, or general property coverage rather than agricultural or livestock risks that are critical for Somalia's predominantly pastoral and farming communities.⁹⁹ Aside from certain partner-funded projects like **DRIVE**, women and marginalised communities remain largely excluded from both traditional and index-based insurance products, with almost no gender-targeted design features or outreach mechanisms.

Financial inclusion in Somalia is also limited. About 6 % of women have an account at a formal bank (compared to 11.2 % of men); when it regards having a mobile-money account, this figure jumps to 81.1 % of women (compared to 82.5 % of men).¹⁰⁰ However, high mobile-money penetration does not translate into comprehensive financial inclusion. Mobile-money accounts in Somalia are primarily used for payments and transfers and typically do not provide access to savings products, credit, insurance, consumer protection frameworks, or regulated financial intermediation. As a result, women's ability to build assets, smooth shocks, or access formal risk-management instruments remains constrained despite high digital transaction access. Uptake of formal insurance remains low¹⁰¹, with no reliable gender-disaggregated data available. Informal risk-sharing systems such as hagbad (traditional savings groups) provide some community-level risk pooling but so far remain disconnected from formal CDRFI mechanisms, limiting their ability to support large-scale or shock-responsive payouts.¹⁰²

5.3 Gaps and Challenges

Based on the contextual analysis, this section identifies and elaborates on five critical gaps in the current CDRFI landscape in Somalia:

- 1. Climate-Security Integration Gap:** There is a need for integration between climate resilience efforts such as CDRFI and conflict-sensitive programming. In Somalia, climate events like drought act as conflict multipliers, exacerbating resource competition and displacement.¹⁰³ This creates a critical gap: financial payouts from insurance or contingency funds deployed into these fragile environments risk being captured, failing to reach the vulnerable, or actively worsening local violence, with disproportionate impacts on women and girls.¹⁰⁴ Women, particularly female-headed households, displaced women, and women traders, are often less able to negotiate access to contested resources and face heightened exposure to harassment, coercion, and gender-based violence when competition over aid or payouts intensifies. Without a conflict-sensitive design, CDRFI mechanisms can unintentionally become another contested resource within Somalia's complex conflict system.
- The analysis of the climate-security nexus demonstrates that financial flows are not neutral; they can be taxed by armed groups like Al-Shabaab, captured by local elites to reinforce power structures, or trigger community-level disputes over aid distribution, a recurring issue noted in community consultations.¹⁰⁵ Such dynamics tend to deepen existing gender inequalities by excluding women from decision-making over resource allocation and increasing their reliance on unsafe coping strategies. The Berghof Foundation's work in Beledweyne, Adale, and Guriel provides clear evidence of how climate-induced resource scarcity directly fuels inter-clan conflict over water and pasture.¹⁰⁶ Academic literature further confirms these pathways, showing how climate shocks, displacement, and armed group strategies are deeply intertwined.¹⁰⁷
- 2. Lack of GESI-Responsive Institutional and Governance Capacity:** The primary governance challenge for GESI-inclusive CDRFI in Somalia is not the absence of formal government structures per se, but the disconnects within the hybrid system and insufficient mechanisms to ensure policies translate into equitable outcomes for women and marginalised groups on the ground. There are two core institutional disconnects:
 - a. The National-Local Disconnect:** There is a significant gap between well-intentioned national policies that champion GESI – such as the National Gender Policy and the NAP and the institutional and financial capacity constraints faced by Federal Member State (FMS) and district-level administrations tasked with their implementation.¹⁰⁸ The National Durable Solutions Strategy explicitly identifies the low technical capacity of government actors as a key barrier to progress.¹⁰⁹ Without clear mechanisms and dedicated resources to translate national GESI commitments into locally legitimate operational plans that can effectively engage with customary leaders and community structures, these policies run a risk of remaining aspirational.
 - b. Lack of Strategy for Navigating Hybrid Governance:** Current CDRFI approaches often lack a clear strategy for constructively engaging with Somalia's hybrid governance system to achieve GESI outcomes, as one Somali NGO official interviewee noted.¹¹⁰ Interventions tend to either bypass customary and clan structures, thereby lacking local legitimacy, or engage with them uncritically, risking the reinforcement of patriarchal and exclusionary norms.¹¹¹ There is a lack of nuanced strategies that identify entry points for GESI within these systems (e.g., leveraging women's recognised roles as peacemakers or water management¹¹²) while simultaneously creating and supporting alternative platforms where the voices of women and marginalised groups can be amplified and influence decision-making.¹¹³

- 3. Data Gap:** A key gap is the systemic lack of sex, age, disability, and clan-disaggregated data in Somalia. Disaggregated data is essential for appropriately designing and targeting climate and disaster risk financing solutions and instruments that work in practice for Somalis, especially women and marginalised groups.¹¹⁴ SoDMA is actively working to establish a national Anticipatory Action Roadmap and a Multi-Hazard Early Warning System, with support from partners including the World Bank and the UN Office for Disaster Risk Reduction (UNDRR).¹¹⁵ Initiatives like the Climate Risk and Early Warning Systems (CREWS) programme further aim to ensure these systems are gender-informed.¹¹⁶ However, the operational reality in an FCAS context like Somalia is even more challenging. Generating a warning is only half the battle; ensuring it reaches, and is acted upon by, the most marginalised is the decisive step.¹¹⁷ This ‘last mile’ is often most complicated, including insecurity that restricts movement, low general literacy rates that make text-based warnings ineffective for many (especially women in rural areas), and limited access to mobile technology or reliable radio signals in remote regions.
- 4. Diverse Product offer and Market Development Gap:** The current focus on insurance as the primary CDRFI instrument is too narrow for the Somali context. A significant market and product development gap exists in the absence of a diversified ecosystem of risk-sharing instruments. This points to the need to recognise and link formal mechanisms with Somalia’s existing, effective social protection and informal financial systems.
- a. Disconnect from National Social Protection:** As mentioned earlier, Somalia’s national safety net programme, Baxnaano, provides a government-led platform for delivering shock-responsive unconditional cash transfers to hundreds of thousands of poor and vulnerable households. The programme has proven its ability to scale up in response to crises like drought and locust infestations and explicitly prioritises women as the direct recipients of transfers to enhance their economic autonomy. Despite this, there is a functional disconnect between formal CDRFI mechanisms and this existing, GESI-sensitive delivery infrastructure. This means that opportunities for rapid, at-scale disbursement of funds to pre-identified vulnerable populations through a trusted, government-led system are being missed.
- b. Disconnect from Informal Financial Systems:** Formal institutions face immense „last mile” challenges in reaching vulnerable women and marginalised groups due to issues of trust, literacy, and physical access. As detailed earlier, women-led informal savings groups (hagbad/ayuuto and VSLAs) constitute a trusted, grassroots financial infrastructure. These systems are highly effective at reaching marginalised women who are excluded from the formal banking sector.¹¹⁸ The current lack of integration between these informal systems and the formal financial sector represents a major market disconnect. Formal CDRFI products are not designed to leverage these existing networks of social capital, trust, and distribution, thereby failing to reach many.
- 5. Financial Inclusion-Literacy Gap:** The challenge of financial inclusion in Somalia is paradoxical. The country has one of the highest mobile money penetration rates in Africa, with over **80 % of** women using these services. Yet, this widespread access to basic digital transactions coexists with extremely low ownership of formal bank accounts among women. This paradox reveals a core GESI-related barrier to CDRFI uptake: financial literacy. While mobile money is accessible for simple transactions, more complex financial products like insurance or credit require an understanding of contracts, premiums, interest, and payout triggers. The widespread low financial literacy prevents many women and marginalised groups from confidently engaging with these products, creating a high risk of exclusion, mistrust, and vulnerability to exploitation. For example, a study following the COVID-19 pandemic found most interviewed women lacked formal education and sometimes shared mobile-money PINs with agents, increasing fraud risks.¹¹⁹ This challenge is compounded by a deep-seated, often faith-based distrust of insurance, perceived as incompatible with Islamic (Shari’ah) principles prohibiting interest (riba) and uncertainty (gharar). The viable and culturally resonant alternative is Takaful (Islamic insurance), a cooperative model based on mutual support and shared risk. However, the Somali market currently lacks tailored, accessible, and affordable micro-Takaful products designed for the needs of low-income households, pastoralists, and smallholder farmers. This gap means that the vast majority of the population is excluded from financial tools for resilience such as appropriate, trusted products they understand.

6 Conclusion and Recommendations

For CDRFI to be effective in Somalia, it should be grounded in the realities of hybrid governance – not the assumptions of a centralised state – and should integrate GESI considerations throughout. Somalia cannot rely on a conventional model of a strong central government delivering services. Governance is fragmented, with federal and state authorities operating alongside influential customary and non-state systems. This hybrid governance system shapes what is feasible for CDRFI and makes it clear that a linear, state-capacity-building approach will not work on its own.

Neither singular path offers a solution. A state-centric model lacks local reach and legitimacy, while relying solely on traditional systems risks reinforcing patriarchal and exclusionary norms. The most effective way forward is therefore a nuanced, hybrid strategy capable of navigating both sides of Somalia’s governance landscape.

Such a strategy means grounding CDRFI design in inclusive practices that work through channels women and marginalised groups can access and influence. This could involve:

- › Supporting women’s civil society groups to shape community-level planning processes with elders
- › Designing CDRFI products that move through channels women control, such as mobile money or women-led savings groups
- › Shifting the aim from institutional reform in the abstract to strategic navigation of a complex governance system, by designing CDRFI mechanisms that work through existing federal, state, customary, religious, private-sector, and humanitarian actors to ensure payouts reach women and other vulnerable groups in practice

Progress also depends on building a financial ecosystem that is trusted, legitimate, and accessible. In Somalia, this requires prioritising the development of a Shari’ah-compliant Takaful market, which offers the most viable route to public trust and scale. Achieving this will involve:

- › Establishing a clear regulatory framework for Takaful
- › Leveraging public–private partnerships to co-design micro-Takaful products suited to agro-pastoralist livelihoods
- › Pairing product rollout with broad financial literacy campaigns grounded in Takaful’s principles of mutual support and targeted towards women and vulnerable groups.
- › Strengthening local insurance-sector capacity through targeted training and academic programmes on inclusive and micro-insurance, potentially in partnership with universities and providers such as the International Labour Organization (ILO), to build a gender-responsive cadre of Somali actuaries, product designers, and regulators capable of designing and regulating inclusive CDRFI products

These financial tools are effective only when embedded within a wider enabling environment. They must be connected to tangible climate adaptation investments – such as community-owned resilient infrastructure – and linked to peacebuilding and stabilisation efforts to ensure financial resilience contributes to national stability. Somalia’s extensive network of NGOs and CSOs, particularly those led by women and marginalised communities, can be leveraged to build trust, interpret local contexts, and co-create products that meet real needs. In partnering with the private sector, it is especially critical to ensure that the design and delivery of instruments reflect the specific needs of women, who are central to household financial management and community resilience. Their economic participation and informal safety-net roles mean that excluding them would significantly undermine both uptake and impact.

Table 6. Key Gaps and Associated Recommendations

Gap	Recommendations
Climate-Security Integration	<p>a Support the integration of GESI-centric and conflict-sensitive safeguards into CDRFI programmes. This could include:</p> <ul style="list-style-type: none"> » Encouraging programmes to have a GESI-integrated Peace and Conflict Impact Assessment as part of their design to analyse and mitigate how financial flows will impact the specific vulnerabilities and protection risks faced by women, youth, PWDs, and minority clans, including risks of gender-based violence (GBV). » Encouraging programmes to map the differentiated risks and power dynamics affecting women, youth, and marginalised groups from the design stage and throughout implementation to ensure interventions do not exacerbate existing inequalities. » Exploring collaborations with partners to pilot projects that use environmental peacebuilding approaches (e.g., Berghof Foundation), such as investment in shared water infrastructure. To be GESI-responsive, the governance of these shared resources must ensure the equitable participation and access for women and marginalised groups while meeting their specific needs and mitigating elite capture.
Institutional and Governance Capacity	<p>a Consider moving toward a hybrid GESI-CDRFI-related governance approach to institutional strengthening. In collaboration with partners, this could include:</p> <ul style="list-style-type: none"> » Identifying entry points for constructive engagement with customary structures while simultaneously supporting women’s CSOs to advocate for their needs and amplify their voices in both formal and informal forums. » Establishing inclusive, gender-balanced community-based targeting committees. » Develop and facilitate capacity building on gender and CDRFI for relevant government bodies and explore expansion to additional stakeholders. » Co-designing grievance redress systems with marginalised groups, ensuring their perspectives are central to ensuring fairness and transparency. <p>b Align CDRFI operations and targeting with the Solutions Pathways Action Plan (2024–2029) to leverage its phased, costed, and results-oriented roadmap for displacement-affected and vulnerable communities, using its area-based priorities to guide pilot geographies, beneficiary selection, and monitoring. This strengthens policy coherence and creates a unified approach across resilience, social protection, and risk financing.</p> <p>c Given the NCRDS’s government mandate for rural development and durable solutions, coordination and implementation arrangements for CDRFI/Global Shield should align with NCRDS structures to reinforce national leadership and sustainability by:</p> <ul style="list-style-type: none"> » Formally including the NCRDS in CDRFI/Global Shield coordination structures at federal and FMS levels, co-convening with relevant leads (e.g., MoECC/MoF/SoDMA) » Embedding NCRDS in implementation and accountability arrangements to centre rural and displacement-affected populations in design, delivery, and Monitoring and Evaluation.
Data Gap	<p>a Focus on developing a people-centric data and early warning ecosystem.</p> <ul style="list-style-type: none"> » To complement formal systems, government bodies such as SoDMA and the National Bureau of Statistics could support the integration of community-based and participatory data collection. This should prioritise the collection of disaggregated data, making the specific vulnerabilities of different groups as well as evidence on impact achieved through instruments visible for better targeting and planning. » Encourage the use of disaggregated data to inform the technical design of financial instruments. This includes mapping the specific asset loss thresholds for women, men, PWDs, and minority clans to reduce GESI-related basis risk in parametric insurance, and identifying their trusted financial channels to design accessible payout mechanisms » Forging institutional coordination for data-sharing across government sectors and with non-state actors (CSOs, NGOs, private sector, academia) who may hold granular data on marginalised groups. » Prioritise the development of „last mile“ Early Warning System dissemination strategies. An effective, GESI-responsive EWS would employ a multi-channel communication strategy that leverages trusted local networks – such as community elders, religious leaders, and women’s groups including hagbad/ayuuto – alongside technological platforms like SMS and radio broadcasts, with messaging tailored for low-literacy audiences.

Gap	Recommendations
<p>Diverse Product Offer and Market Development Gap</p>	<p>a Building on the recent passage of the National Takaful Law, prioritise the development of a Takaful-centric climate insurance market. This includes:</p> <ul style="list-style-type: none"> » Harnessing public-private partnerships to co-design and deliver accessible, tailored and affordable micro-Takaful products that respond to the needs of women and marginalised groups, incorporating principles of mutual support and customer protection. Supporting market development through enabling policies, which may include providing seed funding for women-led community Takaful pools or premium subsidies for the most vulnerable. » Strengthening skills within the local insurance sector through targeted capacity-building on inclusive and micro-Takaful product development, actuarial design, and regulation, with a deliberate gender lens to increase women’s participation and leadership in the insurance workforce. <p>b Encourage service providers to adopt GESI-responsive targeting and using trusted delivery points. Targeting should:</p> <ul style="list-style-type: none"> » Design and link formal products to women-led VSLAs, hagbad groups, and sector-specific cooperatives (SACCOs), leveraging their social capital to overcome the formal sector barriers that typically exclude women. » For cash-out points, leverage these existing structures that women already trust and frequently use, including Maternal and Child Health (MCH) clinics, women-only community centres, or disbursement sites managed by established women’s solidarity groups rather than creating new, high-profile distribution points. » Relevant government ministries could explore the technical and operational pathways for linking CDRFI instruments with the national Baxnaano social protection platform. This leverages a system that already prioritises women as the direct recipients of cash transfers, thereby reinforcing their economic autonomy and decision-making power within the household. Revert to the forthcoming assessment on Country Capacities for Shock-responsive Social Protection in Somalia for further recommendations.**
<p>Financial Literacy for Inclusion</p>	<p>a In addition to the recommendations above, government should ensure financial and digital literacy be integrated as a foundational component in all government-led or -supported CDRFI programming. This could involve:</p> <ul style="list-style-type: none"> » Partnering with local NGOs, telecom companies, and MFIs to deliver tailored financial literacy modules, including through existing and trusted women-led VSLAs. This approach would leverage these groups as established platforms for learning and social support. » Using accessible formats, such as radio broadcasts and pictorial guides, to overcome literacy barriers, and focus on practical topics (e.g., from household budgeting) to build understanding about the principles of Takaful insurance products.

Source: Authors

Taken together, these insights suggest a clear direction. The Federal Government of Somalia, Federal Member States, and local governance actors should pursue a GESI-transformative,

hybrid-governance approach to CDRFI, pairing inclusive governance strategies with a trusted and accessible Takaful-based financial ecosystem.

** WFP has consistently emphasised the value of using Somalia’s emerging national safety net infrastructure (including Baxnaano) as a platform for more shock-responsive and resilient assistance, including through closer alignment between humanitarian cash delivery systems and government-led social protection. This includes leveraging established registries and delivery mechanisms to scale support during drought and flood shocks, improving coordination and reducing parallel systems, while maintaining safeguards for inclusion and access in insecure or hard-to-reach areas. WFP reporting and evaluation materials also highlight WFP’s role in supporting government capacity to operationalise shock-responsive cash through national systems and to strengthen accountability and delivery arrangements. (WFP. (2025). Somalia Country Strategic Plan (CSP) 2026–2030. Available at: Draft Somalia country strategic plan (2026–2030))

Annex A – Stakeholders Interviewed

Organisation	Date of Interview
World Food Programme, Somalia	June 2025
Food and Agriculture Organisation, Somalia	July 2025
Zamzam Foundation	July 2025
Berghof Foundation	August 2025
Durable Solutions	August 2025
Global Shield In-Country Support Structure	September 2025
Ridgelane – Consultant to The Water Sector Development Facility, Ministry of Energy and Water Resources	December 2025

Annex B – Quick-Start Checklist for Inclusive CDRFI in Somalia

Somalia-tailored checklist (for government use)

1. Define scope and outcomes

- a. Target equity outcomes against Somalia’s hazard profile (droughts, floods) with explicit conflict-sensitivity: prioritize payout speed to women and marginalized clans, adequacy benchmarks by livelihood zone, and protection from armed group taxation/elite capture.
- b. Specify segments and geographies, including by using SoDMA’s risk maps and Baxnaano’s registries (urban IDPs, rural pastoralists, riverine farmers), ensuring contingency plans for access-restricted districts.

2. Select lenses and questions (prioritize 4–6)

- a. **Policy and institutions:** Confirm SoDMA/NCA/CBS mandates and budgets are gender-responsive; align insurance rules with Islamic finance via the new Takaful framework and licensing process.
- b. **Data and monitoring:** Require sex/age/disability/region/clan-disaggregated data on eligibility, uptake, payouts, and timeliness; fill gaps through participatory data with women’s groups and elders.
- c. **Inclusive product/service design:** Ensure triggers and documentation accommodate low literacy, displacement, and grief; include Shari’ah-compliant micro-Takaful terms and plain-language claims guides.
- d. **Digital inclusion:** Verify device access/USSD literacy; provide assisted channels and privacy/consent safeguards for women who share phones or rely on agents.
- e. **Social protection linkages:** Pre-arrange Baxnaano top-ups or grants as first-layer responses; test parametric-to-cash workflows before shocks.
- f. **Partnerships:** Map women’s VSLAs and hagbad/ayuto, MNOs, MFIs, and MCH clinics as co-delivery and cash-out venues trusted by women.

3. Gather minimum viable evidence

- a. **Admin data:** Collect program metrics via SoDMA/NBS and providers – enrollment, renewals, claims, payouts by sex/age/disability/clan and district.
- b. **Beneficiary voice:** Conduct KIIs/FGDs with women, youth, persons with disabilities, and displaced groups in high-risk districts identified by SoDMA.
- c. **Policy/finance:** Compile mandates, budget tagging for inclusion, subsidy rules, and risk-layering protocols (e.g., Baxnaano first layer; micro-Takaful second).

4. Map barriers to design levers

- a. **Eligibility/documentation:** Alternative KYC via community attestation; cleric/elder verification; claims support desks at MCH clinics.
- b. **Affordability:** Targeted premium subsidies or zakat-aligned solidarity funds; seasonal payment windows matched to pastoral cycles.
- c. **Channel access:** Mobile agents plus offline USSD and IVR; women’s group intermediaries; radio slots aligned with NETP multi-channel dissemination.
- d. **Harms/GBV risk:** Safe, confidential complaint channels; agent codes of conduct; third-party monitoring in access-constrained areas.

5. Prioritize actions

- a. Score options by inclusion **impact** for women/minority clans, **feasibility** in 3–6 months, and **equity** weight; fast-track no-regret items (EWS last-mile dissemination, PIN-hygiene training, grievance mechanisms).

6. Define monitoring

- a. **Track 6–8 KPIs:** enrollment/payout timeliness by sex/age/disability/region/clan; affordability index; grievance resolution times; activation of Baxnaano linkages; “no-tax” compliance incidents; last-mile EWS reach by channel.

7. Plan partnerships and resourcing

- a. Assign owners (SoDMA lead; NCA on alerting; CBS on Takaful oversight; MoLSA/Baxnaano on payments); identify quick-win partners (women’s orgs, MFIs, MNOs, MCH clinics); publish a 90-day plan to test 1–2 inclusive features.

This checklist aims to be a practical, Somalia-ready tool to make CDRFI more inclusive, faster, and safer by aligning with national systems already in motion. It plugs into the National Emergency Telecommunications Plan (NETP) for multi-channel, last mile alerts, links payouts to the Baxnaano safety net where women are the principal recipients, and times pilots with CBS’s new Islamic insurance (Takaful) licensing window so Shari’ah-compliant micro-Takaful can be co-designed and delivered with strong consumer protections. Adopting it now can give the Somali government (and funders) a clear 3-6-month pathway to test 1–2 inclusive features (e.g., parametric-to-cash via Baxnaano; low-literacy alerts via radio/SMS/IVR), track 6–8 equity Key Performance Indicators, and demonstrate measurable improvements in speed, adequacy, and protection for at-risk women and marginalised groups before scaling.

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c/o Deutsche Gesellschaft für Internationale Zusammenarbeit
(GIZ) GmbH Friedrich-Ebert-Allee 40 53113 Bonn, Germany
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Published by

Centre of Excellence on Gender-smart Solutions
Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH

Registered offices

Bonn and Eschborn, Germany

As of February 2026

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Design and layout kipconcept gmbh, Bonn