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Financial Inclusion and Climate Resilience: Insights from Rural Women Farmers in Nigeria

Focus Group Discussion in Idogbolu, Ogun State. Image source: Sarah Edewor, EFInA Research Fellow, 2026

Across many rural communities in Nigeria, women farmers are increasingly confronting the harsh realities of climate change. Erratic rainfall, prolonged dry spells, flooding, and rising temperatures are making agriculture more uncertain and economically risky. Existing literature across Sub-Saharan Africa shows that women farmers are disproportionately exposed to climate risks while also facing structural barriers to productive resources, adaptation support, and financial services. In southwestern Nigeria, farmers' experiences of changing rainfall patterns closely align with meteorological evidence, highlighting how immediate and deeply felt climate change has become within rural farming communities. At the same time, global evidence continues to reveal persistent gender gaps in financial inclusion, particularly in access to credit, savings, insurance, and digital financial services. These inequalities are significant because financial inclusion is increasingly recognised not only as a development objective, but also as a potential mechanism for strengthening resilience against climate-related shocks.

The foundation of this study is rooted in existing literature that links financial inclusion with resilience building. Access to savings, credit, insurance, and digital financial platforms is often associated with a household's ability to absorb shocks, recover from losses, diversify livelihoods, and invest in adaptation strategies. However, much of the current evidence treats financial inclusion as a singular concept, focusing mainly on formal banking access and or usage while paying less attention to how rural women actually navigate financial systems in practice. Previous studies suggest that rural women farmers frequently rely on overlapping financial arrangements that combine formal, informal, and semi-formal systems. Despite this reality, there remains limited understanding of which combinations of financial services are most effective under climate stress, particularly for rural women farmers in Nigeria. This gap in the literature provided the basis for my study and shaped my interest in examining financial inclusion beyond simple access to formal financial institutions.

This study is based on the assumption that resilience among rural women farmers cannot be fully explained by access to a single financial product alone, but rather through combinations of financial mechanisms that operate together within women lived realities. I also assumed that while formal financial services matter, informal and semi-formal structures may play equally significant roles because they are often more accessible, trusted, and socially embedded within rural communities. Beyond simple access, I became increasingly interested in whether women are actually able to use, control, and benefit from financial services in ways that genuinely strengthen their resilience to climate shocks while bearing in mind that the fee associated with these financial services may prove to be limiting.

For women who depend on farming not only as a source of livelihood but also as a means of supporting their households and maintaining financial independence, climate disruptions often affect them deeply. My study therefore sets out to understand whether financial inclusion can meaningfully strengthen the resilience, livelihood and household welfare of rural women farmers in the face of climate-induced shocks and, perhaps more importantly, whether current understandings of financial inclusion fully capture what resilience actually looks like in practice.

During a Focus Group Discussion (FGD) I conducted in Odogbolu, Ogun State, women farmers shared deeply personal experiences of climate-related shocks and reflected on how access to financial services shapes their ability to cope. One cassava farmer recounted investing heavily in cultivation after taking loans in anticipation of a productive harvest, only for excessive heat and irregular rainfall to devastate her farm, leaving her unable to recover her investment. Beyond the economic losses, the women I spoke with described the emotional and psychological strain that climate uncertainty now imposes on their lives. Many expressed constant anxieties over whether their harvests would sustain their families or cover debts incurred during planting seasons. What struck me most was how repeated climate shocks are gradually eroding the sense of stability that farming once provided, pushing many rural women further into vulnerability.

Yet what also emerged consistently from my field engagements is that these women are far from passive victims. Across this community, participants described a range of strategies they actively deploy to sustain their livelihoods. These include savings account ownership, participation in informal savings groups and cooperative societies, the use of digital financial platforms such as OPay, PalmPay, and Moniepoint, as well as access to agricultural loans and rotating credit systems. While digital financial services have improved transactional convenience and access to transfers, participants also pointed to persistent frustrations involving failed transactions, unstable networks, and difficulties accessing cash through some formal banking channels.

One of the clearest patterns I observed was the sharp contrast between women's experiences with formal banking institutions and informal financial systems. Many participants considered cooperative societies significantly more accessible and practical than commercial banks. Cooperatives often provide loans based on members' savings contributions and social trust, with relatively flexible repayment arrangements. Commercial banks, on the other hand, were repeatedly described as difficult to navigate due to collateral requirements, extensive documentation, physical distance from rural communities, and high interest rates. As one participant plainly stated, “The things banks ask for make farmers run away.” For women with limited literacy or irregular income patterns, the formal banking process itself can become restrictive.

The role of targeted development interventions also emerged strongly throughout my discussions. Several participants referenced support received through the Value Chain Development Programme (VCDP), including fertilisers, agrochemicals, pumping machines, agricultural training, and emergency assistance during flooding incidents. Some women specifically mentioned solar-powered pumping machines that enabled them to continue rice farming in swampy areas despite increasingly unreliable rainfall patterns. Others explained that without VCDP support, accessing any form of agricultural financing would have been almost impossible. These conversations reinforced my growing interest in how development programmes interact with financial inclusion and whether resilience outcomes are often shaped through this combination rather than through standalone financial services.

This research has been made possible through the support of EFInA's 2026 Research Fellowship Programme. Beyond financial support, the fellowship has provided extensive capacity-building opportunities through pre-and-post-fieldwork research clinics, methodological training sessions, and mentorship opportunities that have significantly sharpened my perception and strengthened both the research process and enhanced my policy analysis skills.

Now in the fifth month of the fellowship, I have completed field data collection across Benue, Ebonyi, and Ogun States, engaging 360 rural women farmers through surveys, nine focus group discussions, and twelve key informant interviews. Prior to the main fieldwork, I conducted a pilot study in Ido, Oyo state where I observed some similar patterns, particularly in communities without VCDP implementation. To better understand how targeted interventions shape resilience outcomes, I deliberately engaged both VCDP beneficiaries and non-beneficiaries across the three states, allowing for a comparative assessment across different contexts and support structures.

As the analysis progresses, some of the early findings already appear to align with the assumptions that initially motivated this research. Preliminary evidence suggests that resilience is not shaped by formal financial access alone, but rather through combinations of formal, informal, and socially embedded financial systems operating simultaneously within women's everyday lives. Women who appear more resilient to climate shocks are often those able to combine multiple coping channels such as cooperative savings, digital transfers, social support networks, agricultural programmes, and flexible borrowing arrangements.

At the same time, the data is also beginning to point toward some very insightful findings. For instance, while digital financial platforms are increasingly present within rural communities, their contribution to resilience may extend beyond financial transactions themselves. In several cases, these platforms may appear to be strengthening ease of doing business (payments and transfers) for the farmers. Equally striking is the growing indication that trust, flexibility, and proximity may matter just as much as financial access itself. In practice, many women seem willing to rely on informal systems not because formal banking is entirely absent, but because informal systems are perceived as less demanding and more responsive to the uncertainties of agricultural livelihoods.

Agricultural credit use was also generally limited among participants, because the consequences of borrowing under climate uncertainty could be very severe. A woman I interviewed recalled the devastating 2020 drought, when farmers borrowed seeds and money from one another, expecting harvest proceeds to enable repayment. When rainfall stopped unexpectedly mid-season, crops failed entirely. “Everything failed,” she told me. “All the money used for planting was wasted.” Yet despite these losses, repayment pressures remained. These experiences reveal the fragile relationship between credit and resilience under climate uncertainty and raise important questions about whether existing agricultural finance systems adequately account for climate risks faced by smallholder women farmers.

Yet, one would wonder why these rural women failed to use agricultural insurance. In many cases where insurance was used, it existed only indirectly within loan arrangements, with deductions made before loan disbursement. However, although some participants appeared unaware of how the insurance worked or how it could support recovery after climate shocks, some did not trust the banks or insurance companies providing these services because of the poor experience of others. This points toward a deeper issue extending beyond financial access itself, namely whether financial products are truly understood, trusted, and usable within rural contexts.

As I continue analysing the data across all study locations, I increasingly anticipate that the final report may challenge some conventional ways of thinking about financial inclusion in Nigeria. A lot of policy discussion still tends to measure inclusion through indicators such as account ownership or formal banking penetration. However, the realities emerging from this study suggest that resilience may depend less on isolated access to formal finance and more on how people combine multiple financial services, social networks, and institutional supports to navigate uncertainty. The findings may also help explain why it appears that some formal financially “included” populations remain vulnerable to climate stress while others with limited formal access still manage to sustain resilience through some other means.

Ultimately, I believe the final report will move conversations beyond narrow definitions of financial inclusion and contribute toward more grounded, people-centred approaches to resilience policy in Nigeria. By focusing on the lived experiences of rural women farmers, the study has the potential to provide new insights into how financial systems, development interventions, and social support structures can work together to strengthen adaptive capacity not only for women farmers, but more broadly, for vulnerable populations as climate and economic uncertainties continue to intensify.

Dr Sarah Edewor is a 2026 EFInA Research Fellow. Her study, "Enhancing Rural Women Farmers' Resilience to Climate Change-Induced Impacts through Financial Inclusion in Nigeria," covers Benue, Ebonyi and Ogun States and is drawn from a cross-sectional survey of 360 women farmers, nine focus group discussions and twelve key informant interviews.