

## **Determinants of Pastoral Women's Demand for Credit: Evidence from Northern Kenya**

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**Abstract :** Women headed households are among the most vulnerable to negative climatic shocks and are often left poorer as a result. Credit provision has been recognized as one way of alleviating rural poverty and developing poor rural households' resilience to shocks. Much has been documented about credit demand in small-holder agriculture settings in Kenya. However, little is known about demand for credit among pastoral women. This paper analyzes the determinants of demand for credit in the pastoral regions of Marsabit District of Northern Kenya. Using a five wave balanced panel data set of 820 households, a double hurdle model is employed to analyze if shocks, financial literacy and risk aversion affect credit demand among female and male headed households differently. The results show that borrowing goods on credit and monetary credit from informal market segments are the most common sources of credit in the study area. The impact of livestock loss and financial literacy on the decision to borrow and how much to borrow vary with gender. While the paper suggests that provision of credit is particularly valuable in the aftermath of a negative shock and more so for female-headed households, it also explores alternatives to the provision of credit where credit access is a constraint. It recommends further understanding of systems and institutions which could enhance access to credit, and particularly during times of stress, to enable households in the study area in particular and Northern Kenya in general to invest, engage in meaningful development and growth, and be resilient to persistent shocks.

**Keywords :** female headed households, pastoralism, rural financing, double hurdle model

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