

An Executive Education Program on
Disaster Risk Finance for Bangladesh

DAY 4: DRF INSTRUMENTS – DEEP DIVE

Global Experience – Malawi Linking finance to shock- responsive social protection

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& Insurance Program

SUPPORTED BY
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Global Shield
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Context



Shock-Responsive Social Protection
means using or adapting existing social protection systems to help households quickly cope with shocks like disasters or crises.

Why is this important?



Protects livelihoods:
Designed to stabilize incomes, enable early recovery and prevents families from falling deeper into poverty after a disaster.

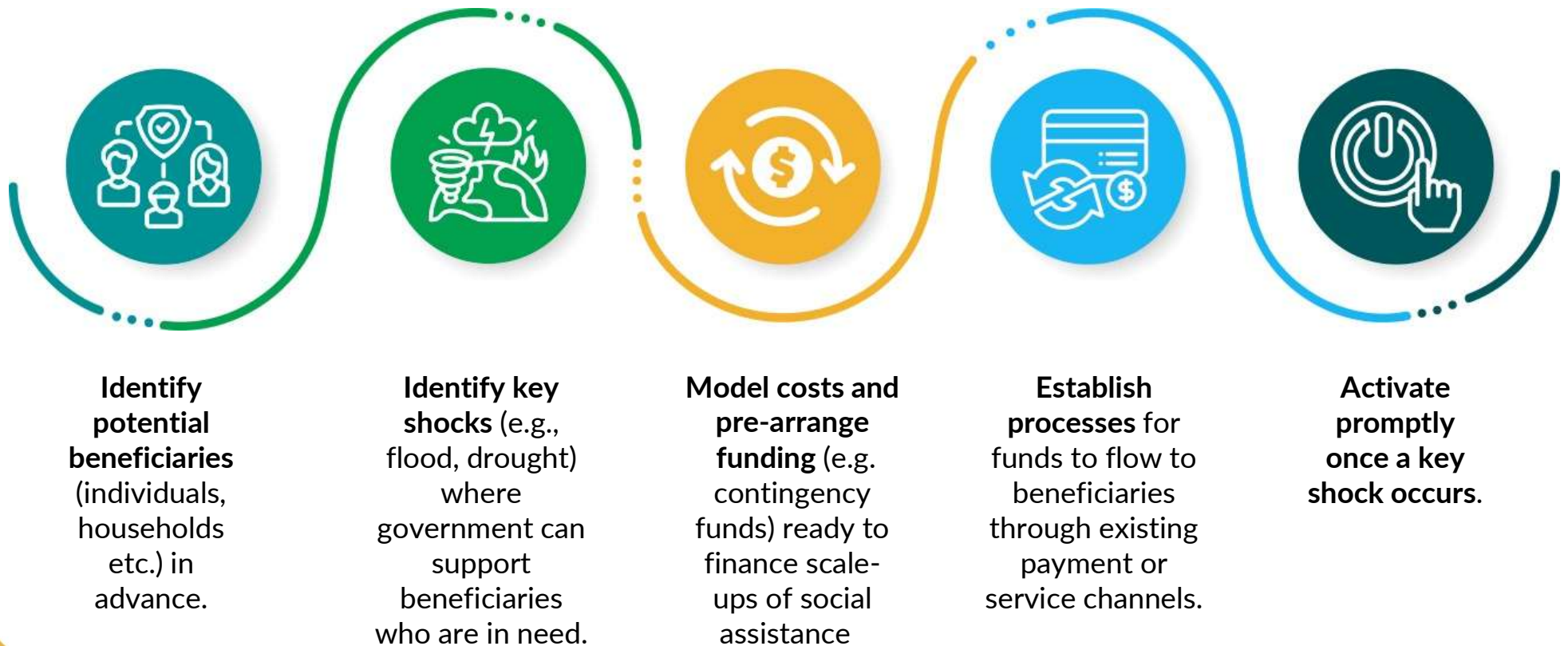


Supports government response:
Reduces the need for ad-hoc aid programs every time a shock occurs.



Efficient and scalable: Uses existing registries, delivery systems, and payment channels to reach more people, faster.

How shock-responsive social protection works



Today's example at a glance

OBJECTIVE

Macro-insurance to facilitate shock-responsive social protection



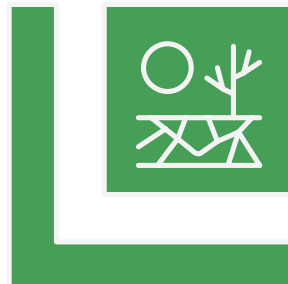
TARGET GROUP

Poor households enrolled in social assistance programs



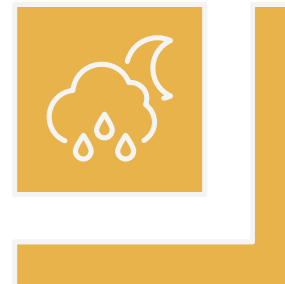
HAZARDS COVERED

Drought



TRIGGER

Rainfall during critical growing period



Country context



Malawi is acutely prone to climate disasters—including floods, droughts, and storms—with significant economic consequences.



Historically Malawi relied on large budget reallocations and external support to finance response activities leading to delays and budget instability.



To strengthen financial resilience the government initiated a Disaster Risk Financing Strategy 2018-23. Shock-responsive social protection was prioritized.



Bangladesh, like Malawi, benefits from extensive social safety-net programs. These can be highly effective mechanisms to channel DRF to the poorest households experiencing climate shocks in a timely way.

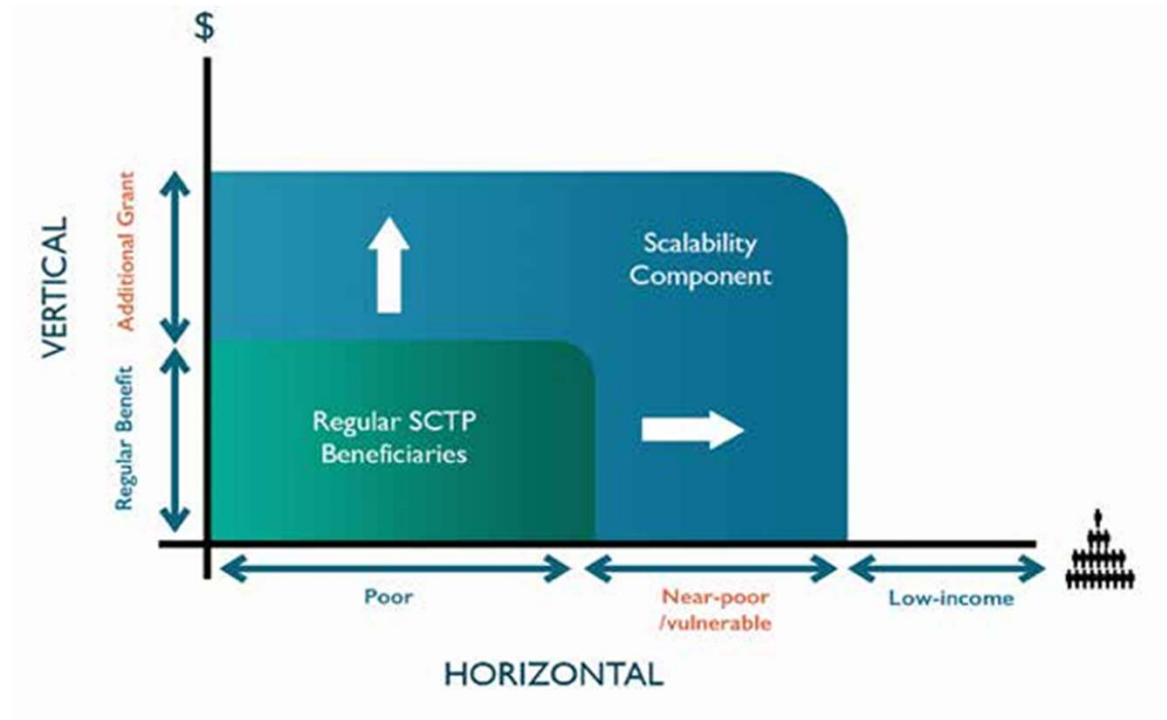


Malawi – Shock-responsive social protection

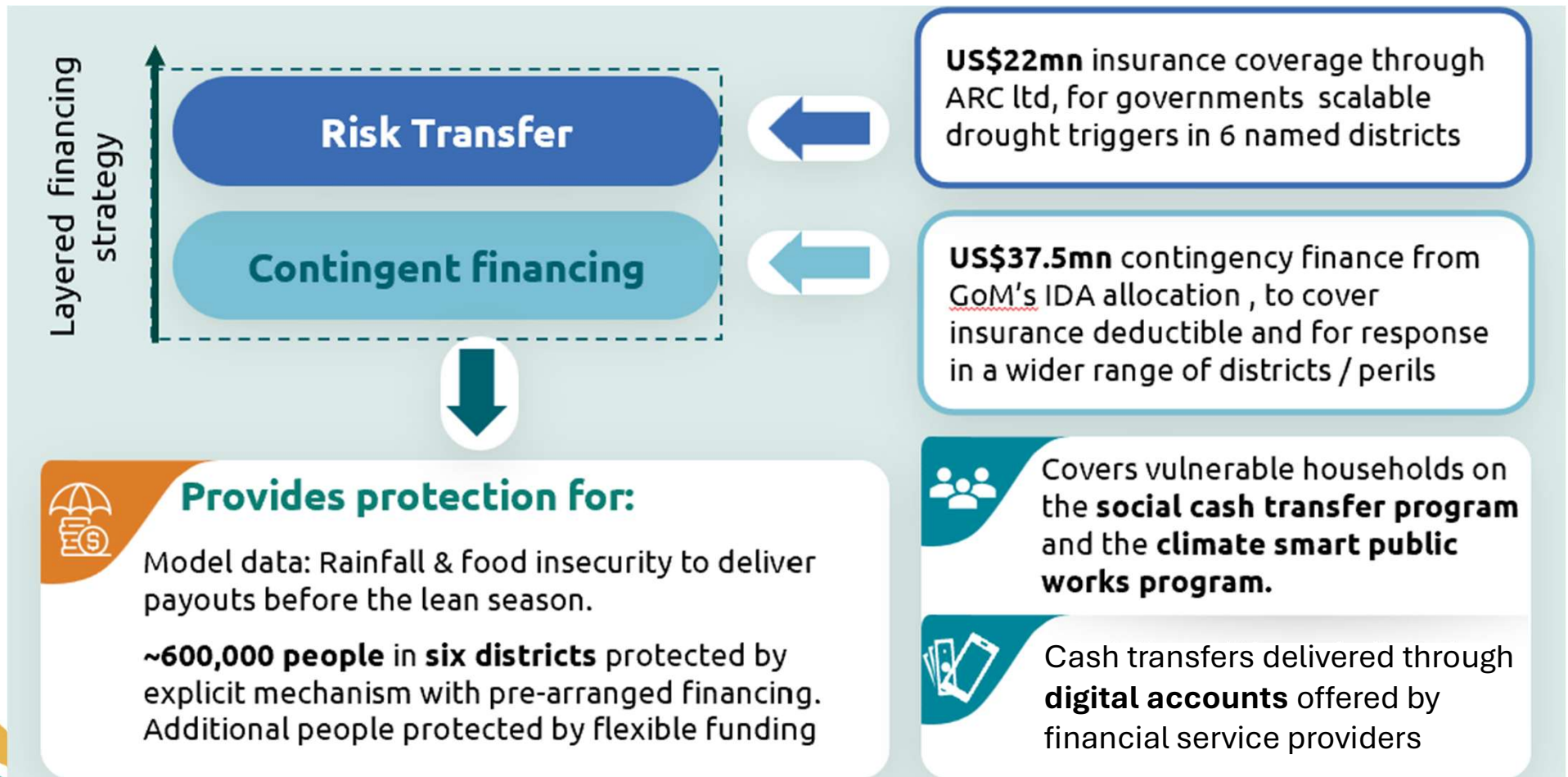
Two DRF instruments were established to finance scale-ups of Malawi's flagship Social Cash Transfer Programme (SCTP) and Climate Smart Public Works Programme (PWP) during drought emergencies.

Under the scalability mechanism, the estimated 140,000 households already enrolled in these programs are eligible for additional cash.

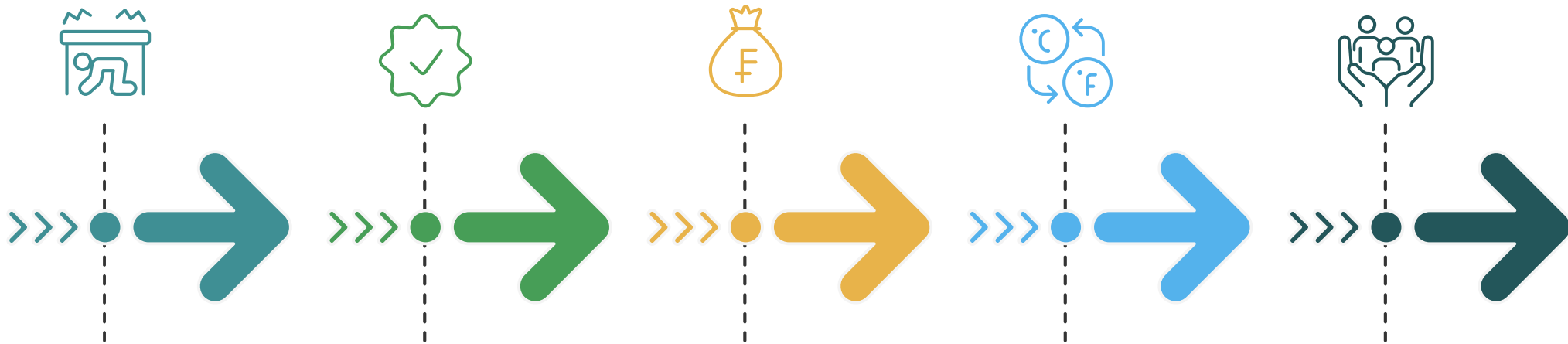
The Government had to balance trade-offs in reaching the final parameters



Malawi – Shock-responsive social protection



From shock to support: how funds flow



Hazard Occurs

Department of Climate Change and Met Services monitors satellite rainfall triggers

Trigger verified

Scalability proposal validated by scalable taskforce

Finance mobilised

Authorisation of scale-up by treasury

Fund flow

From Government's designated account at Malawi Reserve Bank to participant households via e-payment/manual

Benefits received

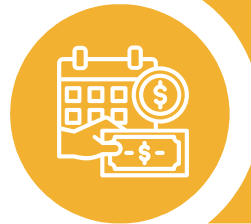
Beneficiary households will receive a top-up/new amount per month of MK 50,000 (\$25) for three months

What is the impact?

Protection: Together the two instruments covered a total of approximately **1.2 million people** during FY25.



Payouts: Four scale-ups of the cash transfers since grant inception, with more than 300,000 households (approximately **1.36 million people**) receiving emergency transfers totaling nearly **US\$23 million**.



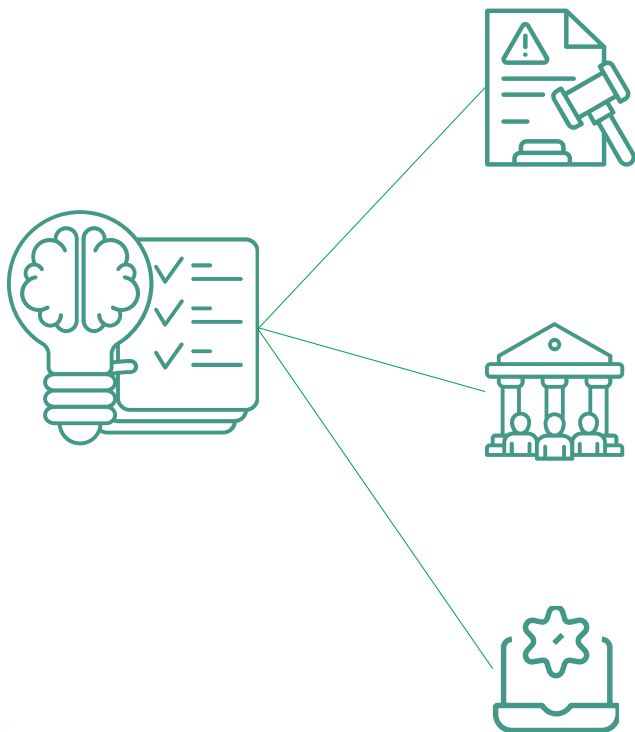
Household: Cash transfers in 2024 provided through the scalable mechanism contributed to improved food security



Speed: Improved speed from trigger to emergency payouts from 6 months (initially) to 1 month.



Challenges and Lessons Learned



Establishing predefined rules provides clarity and certainty

Agreeing the rules, key processes, and sources of finance in advance avoids the challenge of disaster responses becoming politicized and facilitates accountability and learning. Key decisions were codified into a publicly available handbook.

Investing in building government ownership and capacity is crucial.

Implementing an adaptive safety net requires strong government ownership and understanding of risks, as well as multisectoral cooperation.

Investing in operational preparedness ensures the scalability of the system.

Investments into e-payment systems and the national social registry ensured delivery of timely cash transfers or benefits to households affected by multiple perils.

Relevance for Bangladesh

The Government of Bangladesh implements 130+ Social Protection (SP) schemes to address poverty, unemployment, disability, old age, and malnutrition.



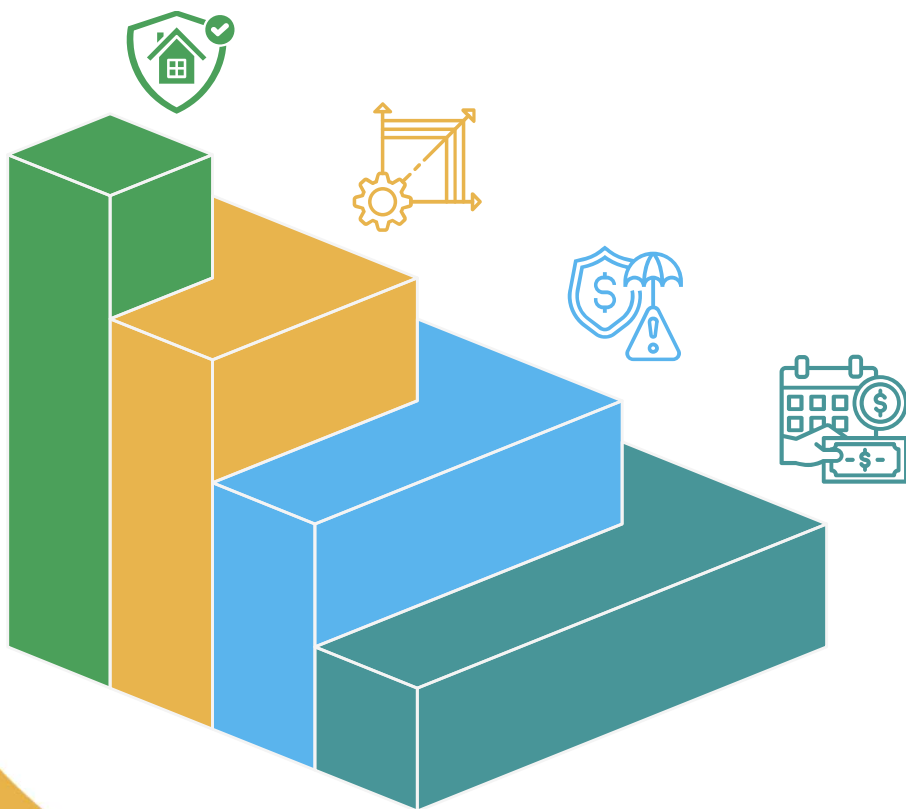
Partners such as World Bank and WFP are supporting GoB to strengthen the shock-responsiveness of certain schemes (e.g EGPP+), including providing access to finance to scale-up when shocks occur.



Formal linkages between GoB pre-arranged finance and shock-responsive social protection yet to be realized.



Key Takeaways



Malawi was the first African country to use an insurance product to directly and explicitly backstop a shock-responsive component for a social protection program

Extensive work was conducted on the design of the scalability mechanism, to determine the most effective and affordable model for SP scale-ups

Instruments were arranged to efficiently cover different layers of risk

Accompanying investments ensured that the SP systems were ready to distribute payouts. Systems have improved with every payout.

Thank you



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Discussion

Break out for 10 minutes in groups, then come back to present findings.

Working group questions:

1

What features of the **Malawi Shock-Responsive Social Protection (SRSP)** are most relevant for Bangladesh?

What **enabling factors** would be needed to implement something similar here?

2

3

How could the **Malawi case study** be adapted to the Bangladeshi context?