SHOCK RESPONSIVE SOCIAL PROTECTION
Disaster Risk Finance

SESSION 3: DESIGNING AND COSTING A SCALABLE MECHANISM FOR MALAWI'S SOCIAL CASH TRANSFER PROGRAM

3 DECEMBER 2020

Disaster Risk Financing
& Insurance Program

SUPPORTED BY
WORLD BANK GROUP

Global Risk
Financing Facility
Supporting Early Action to Climate Shocks, Disasters, and Crises

UKaid
from the British people

Objective:

This session will help guide the government in setting key parameters for the scalability mechanism.

Key Takeaways:

Using an online tool customized for Malawi, we will go over the trade-offs on design parameters and costing, including:

- When: Review of triggers
- Where: Selection of triggers
- Who: Number and selection of beneficiaries
- What: Payout amount
- How long: Duration and timing of disbursement

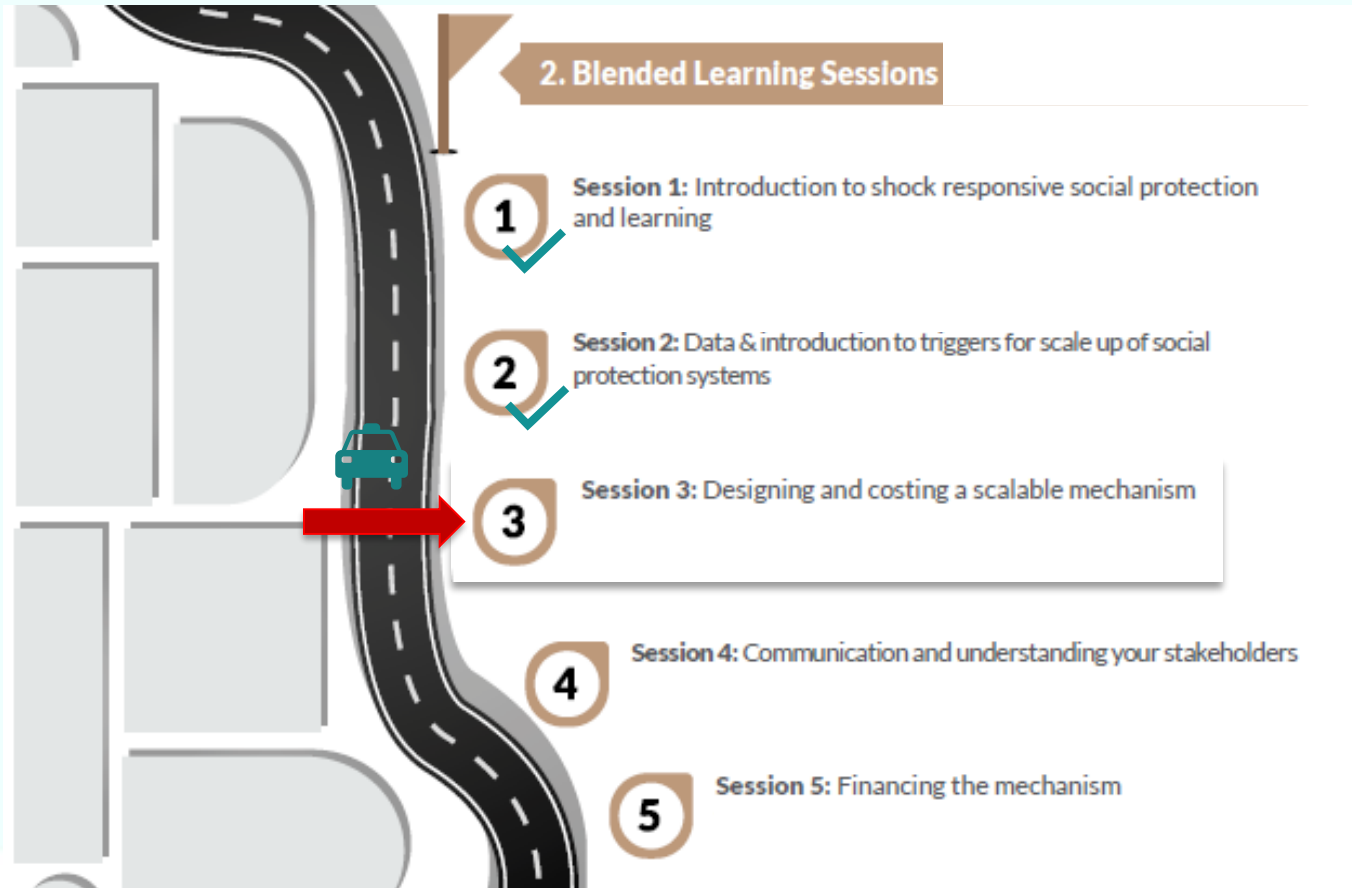Please review Chapter 3 (page 50 onwards) in the attached workbook ahead of the training session

Time:	Agenda:
02:30 – 02:50	Welcome and recap from Session 2 (data collection & analysis)
02:50 – 03:30	Presentation on designing and costing a scalable mechanism
03:30 – 03:40	Short break
03:40 – 04:30	Interactive session on using the online training tool to inform design
04:30 – 05:20	Group work on exercises using the Tool
05:20 – 05:30	Wrap Up

Chapter/Session 3 of the Learning RoadMap

2. Blended Learning Sessions

1 **Session 1:** Introduction to shock responsive social protection and learning

2 **Session 2:** Data & introduction to triggers for scale up of social protection systems

3 **Session 3:** Designing and costing a scalable mechanism

4 **Session 4:** Communication and understanding your stakeholders

5 **Session 5:** Financing the mechanism

Objective and Structure of webinars

INTENDED OUTCOME:

The purpose of this chapter is to help guide the decision-making process of policy makers in **setting key scale-up parameters for the scalability mechanism that determines and defines a scale-up** of a Shock Responsive Social Protection (SRSP) program.

90-120 minute webinar for each chapter in the workbook

Live polls: Please participate

Live exercise: Design a scalability mechanism here

Please share questions via Q&A function

What you will need for this session

- Go to **www.menti.com** (or prepare the QR scanner on your phone)
- Paper and pen for some exercises
- Laptop with stable internet connection
- Be Ready to participate and have fun!

*What do you hope to learn today on **design parameters for a scalability mechanism of the** Social Cash Transfer Program?*

Please go to Menti.com on your phone/ browser and type code 97 51 68 1

Workbook: Disaster Risk Finance for Social Protection in Malawi

I. Conceptual Overview

II. Online Tool Manual

Overview of policy **priorities**

Step-by-step **explanation** & guidance of the tool

Practical considerations for the design & decision process

Example **questions**

RECAP SESSION 2:

DATA COLLECTION & DATA ANALYSIS

Data Collection & Data Analysis are key for robust DRF Schemes
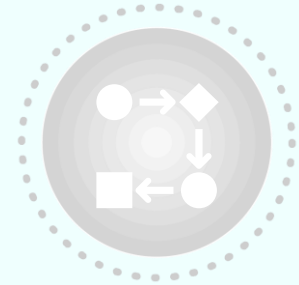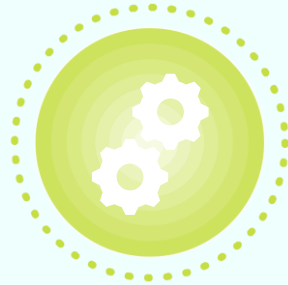
A. Data Collection

Where can relevant data be found and what are the **preconditions** to apply it for a robust analysis?

B. Data Analysis

How can the collected data be analyzed according to relevant **policy and operational considerations**?

Policy Implications

How do data analytics **outcomes** feed into the **operational design and procedures** of scale up schemes?

Poll – Data sources to be considered for the SCTP

1. What <u>data sources</u> could be used to trigger a scale-up of the STCP?

2. Where might you get <u>access</u> to this data?

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I. DECISION MAKING PROCESS

OVERVIEW

1. POLICY PRIORITIES
What do decision makers want to achieve

2. MECHANISM PARAMETERS
How to translate policy priorities into action

3. TRADE-OFFS
Balancing different policy priorities under financial constraints

OVERVIEW

1. POLICY PRIORITIES
What do decision makers want to achieve

2. MECHANISM PARAMETERS
How to translate policy priorities into action

3. TRADE-OFFS
Balancing different policy priorities under financial constraints

Decision makers **need to prioritize between different policy parameters** that define the support provided to affected populations during a shock

1. POLICY PRIORITIES

When should a scale up be triggered?

Where should the shock response happen?

Who should benefit from the shock response?

What should be the value of any additional transfers?

How long should beneficiaries receive payouts for?

OVERVIEW

1. POLICY PRIORITIES
What do decision makers want to achieve

2. MECHANISM PARAMETERS
How to translate policy priorities into action

3. TRADE-OFFS
Balancing different policy priorities under financial constraints

A scale-up triggers **pre-agreed interventions** that respond to increased needs of vulnerable populations. Decision makers also need to **pre-agree the timing and type of support that is triggered**

2. SETTING PARAMETERS
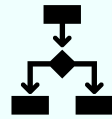
When — Trigger Frequency
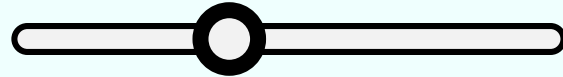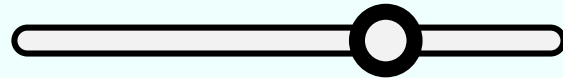
- Fewer ⟵———⊙———⟶ + More

Where — Districts

- Fewer ⟵—————⊙—⟶ + More

Who — Beneficiaries
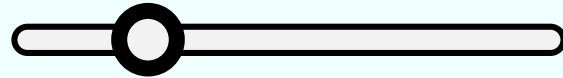
- Fewer ⟵—⊙—————⟶ + More

What — Payout Amount

- Less ⟵———⊙———⟶ + More

How long — Months
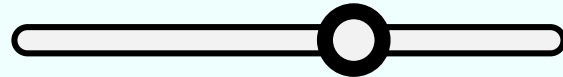
- Fewer ⟵————⊙——⟶ + More

OVERVIEW

1. POLICY PRIORITIES
What do decision makers want to achieve

2. MECHANISM PARAMETERS
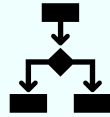How to translate policy priorities into action

3. TRADE-OFFS
Balancing different policy priorities under financial constraints

A scale-up always comes with **financial, operational, and opportunity costs**, creating trade-offs that need to be considered when determining the values of different parameters.

3. TRADE OFFS
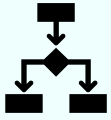
Trigger
(WHEN)

Regions
(WHERE)

Beneficiaries
(WHO)

Payout amount
(WHAT)

Months
(HOW LONG)

HOW MUCH

HOW MANY

HOW OFTEN

TOTAL COST

BUDGET

II. DESIGN PARAMETERS

When

The decision of when a scale-up occurs is based on the **type of data** used to monitor the shock conditions (data indicator) and the **threshold** of shock conditions determined to trigger a scale-up

THRESHOLD PARAMETER

DISASTER DATA INDICATOR

-- 15 --

-- 10 --
--
--
-- 5 --

-- 0 --

-- -5 --

Rainfall Data

Threshold: **-2**
Scale-Up: **NO**

When

The decision of when a scale-up occurs is based on the **type of data** used to monitor the shock conditions (data indicator) and the **threshold** of shock conditions determined to trigger a scale-up

THRESHOLD DISASTER DATA
PARAMETER   INDICATOR

-- 15 --

-- 10 --
--
--
-- 5 --

Threshold: **2.5**   ---
Scale-Up: **YES**   ---
-- 0 --

-- -5 --

Rainfall Data
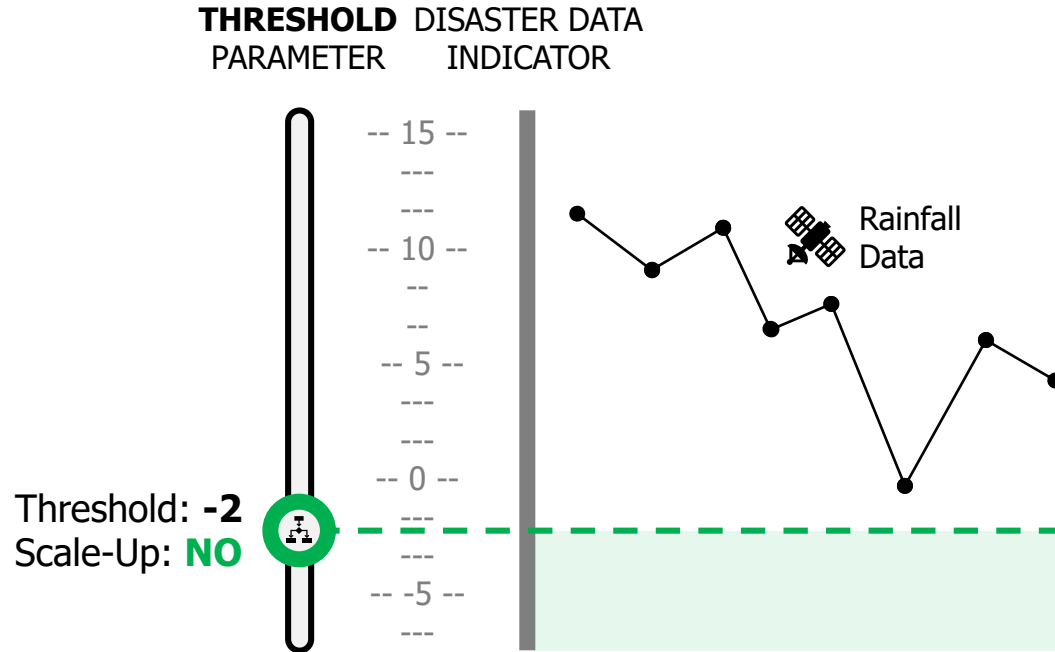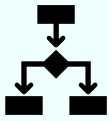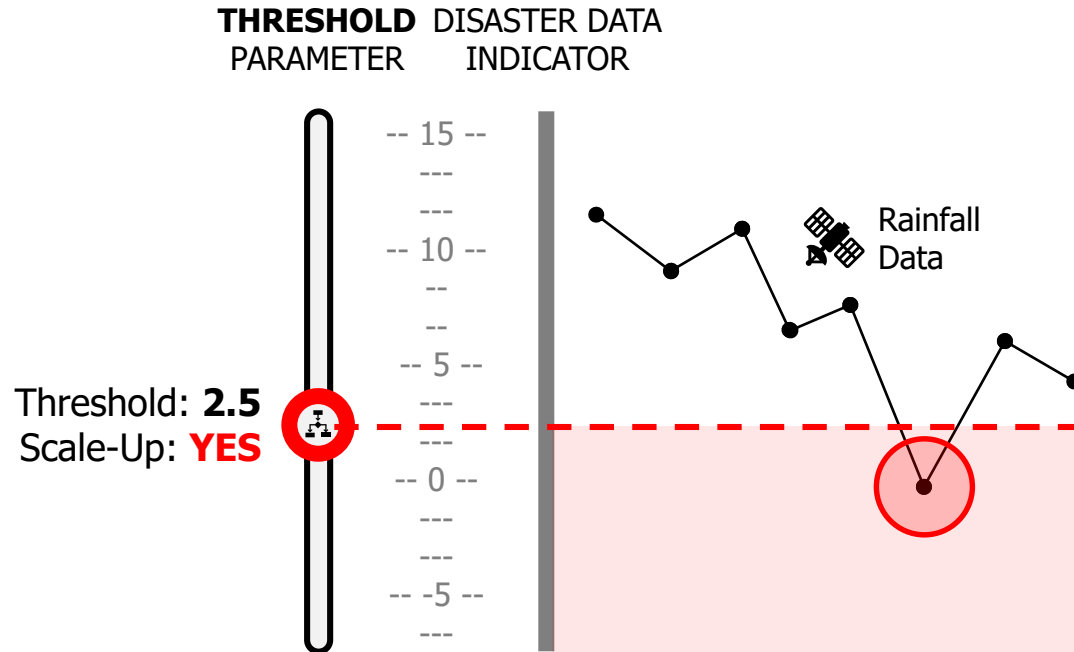
Aspects to consider

❑ Disaster: Which *shock drivers*?

❑ Sources: What data *indicators*?

❑ *Timing*: Before or after shock?

❑ What is the *threshold* value?

Poll – *When* should a scale up be triggered?

Setting a <u>higher</u> threshold <u>increases</u> the chance of scale-ups. What are the <u>potential implications </u>of having more scale ups?

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📍 **Where** | The decision of scale-up areas should be informed by the **need and vulnerability** of populations as well as **existing operational systems** in different areas and on different administrative levels
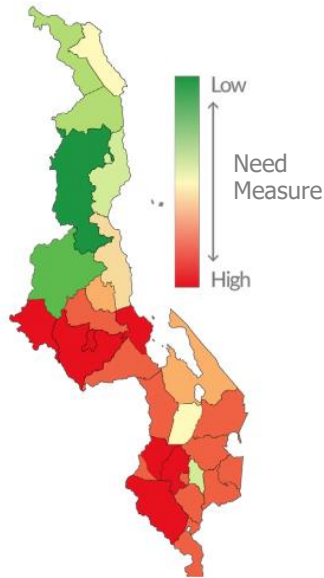
Need Analysis

- Poverty Rates
- Malnutrition levels
- Food insecurity
- Disaster-related vulnerability

Low

Need Measure

High

Administrative Feasibility

Existing capacity -
Accessibility -
Necessary staff -
Regional balance -

Regional Level?

Ward Level?

District Level?

Aspects to consider

❑ *Where*: Which areas should be covered?

❑ *Decision factors*: Political? Needs? Existing systems?

❑ *Administrative* unit: Regional, district, ward level?
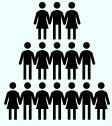
Who The choice of beneficiaries should be based on **budget** considerations, the **relative need** of regular and non-routine recipients, and the **investment and transaction cost** of identifying and reaching them
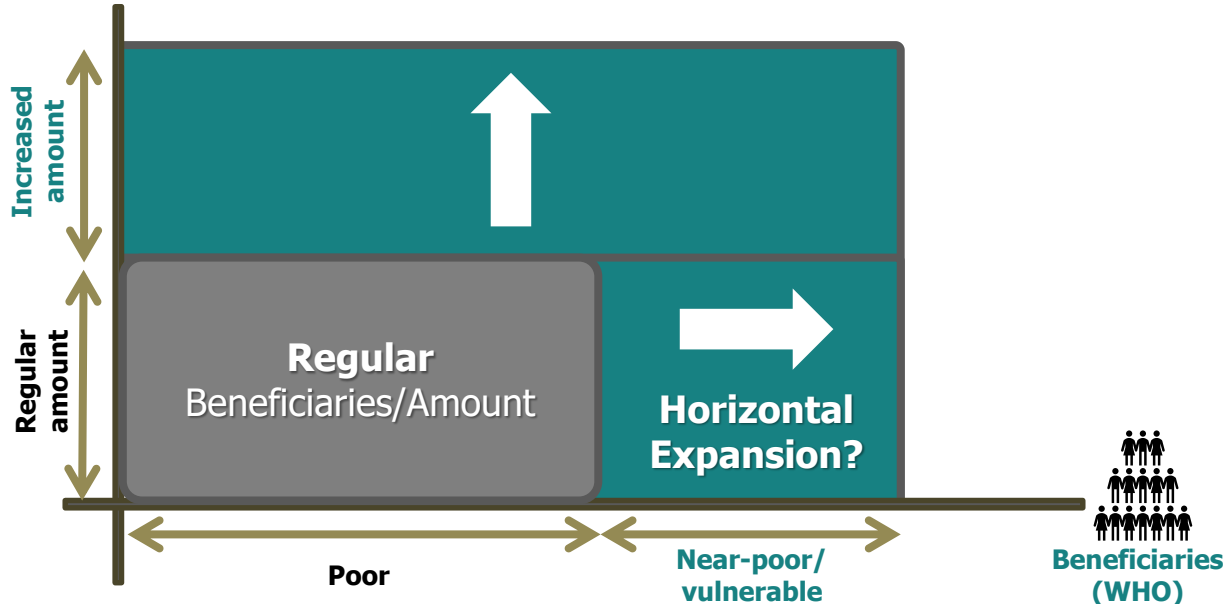
Aspects to consider

❑ *Recipients*: Regular or non-routine?

❑ *How many:* Number of additional HHs?

❑ *Decision criteria*: Needs-based? Geography?

❑ Registries: How to *identify* beneficiaries?

Poll – *Who* should benefit from the shock response?

A. **Vertical scale-up only?**
B. **Horizontal scale-up only?**
C. **A mixture of both?**

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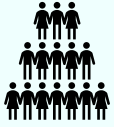
Who

The choice of beneficiaries should be based on **budget** considerations, the **relative need** of regular compared to non-routine recipients, and the **investment and transaction cost** of disbursements

Payout Amount (WHAT)

Increased amount

Regular amount

Regular Beneficiaries/Amount

Horizontal Expansion?

Poor

Near-poor/ vulnerable
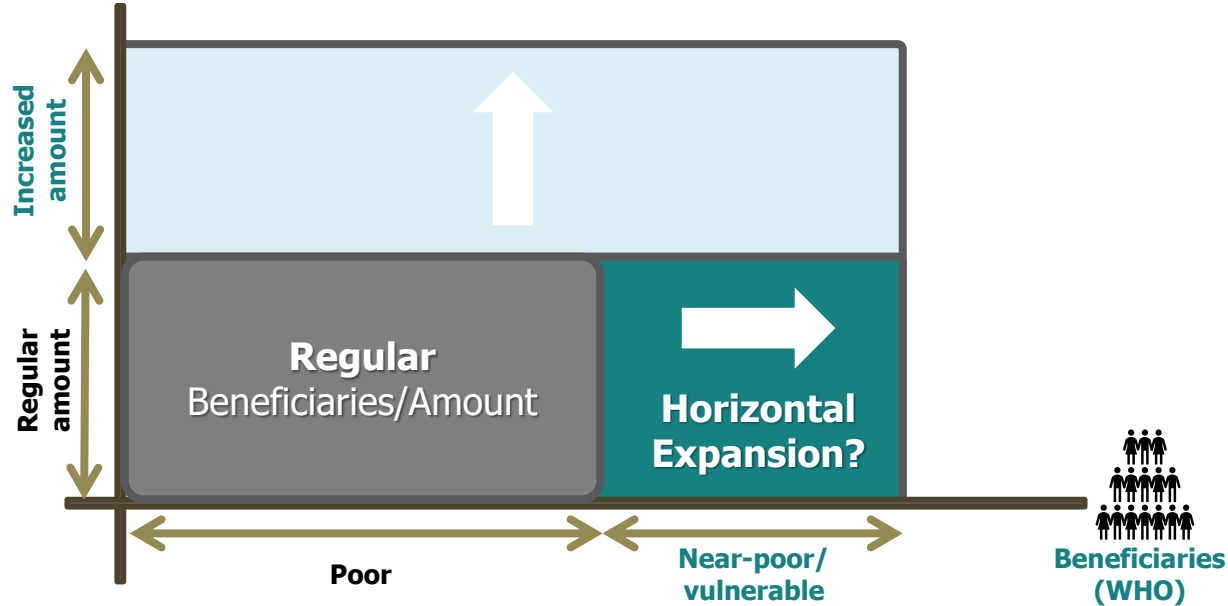
Beneficiaries (WHO)

What

The payout amount to regular and non-routine beneficiaries should be decided on the **available budget** and the **relative need** caused by the shock

Payout Amount (WHAT)

Increased amount

Regular amount

Vertical expansion?

Regular Beneficiaries/Amount

Poor

Near-poor/ vulnerable

Beneficiaries (WHO)
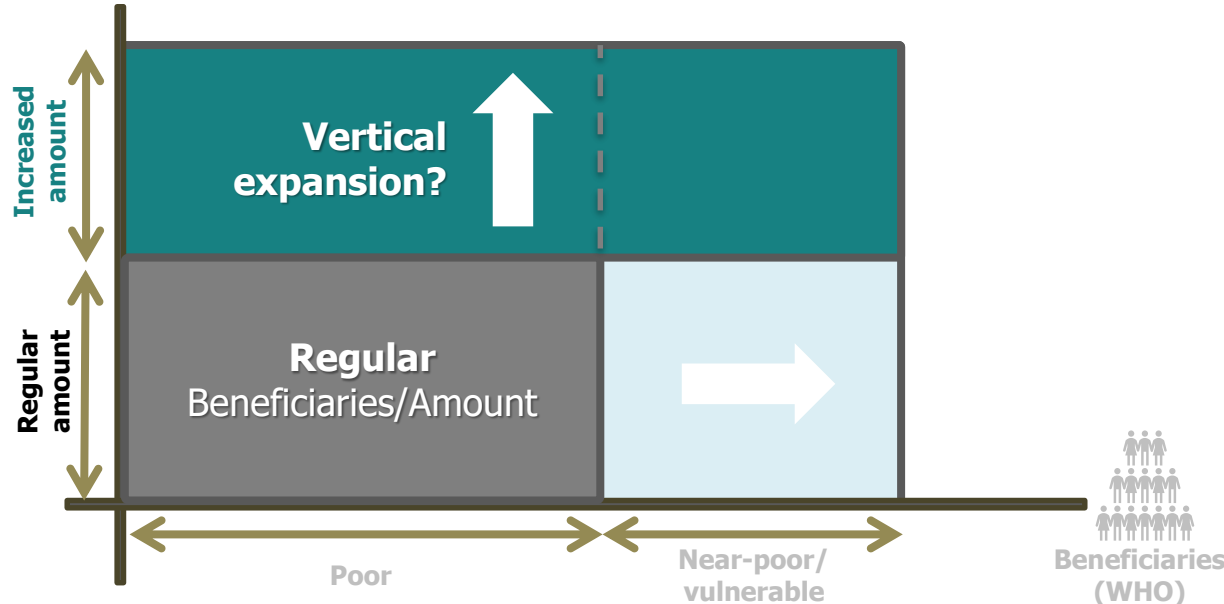
Aspects to consider

❑ *How much:* Value of additional transfer?

❑ *Distribution:* Amount difference between beneficiary groups?

❑ *Flexibility:* Standard or varying amount?

❑ Disbursement: Which *channels* to use?
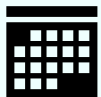
How long

The timeline of payouts must be determined by when the **need** of beneficiaries are the highest, which **disbursement channels** are available, and how the **payments align** with other interventions

Disaster Index

5x monthly payouts?

3x monthly payouts?

One-time payout?

Data Index

Threshold

Threshold breach triggering a scale up

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
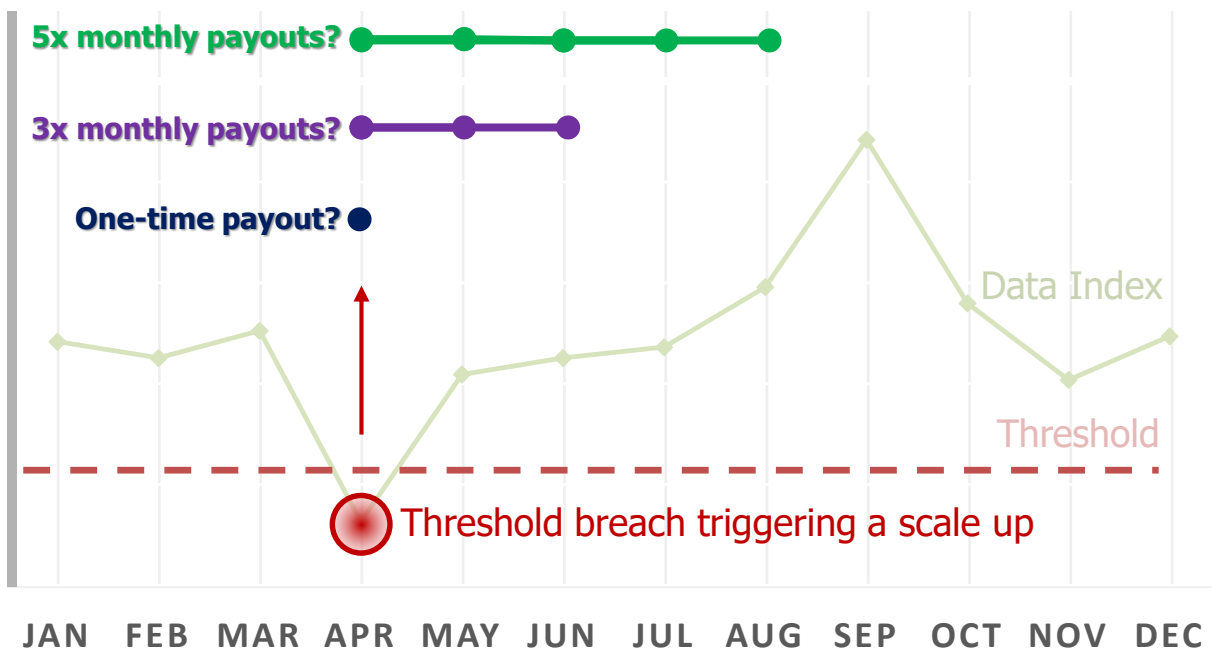
Aspects to consider

❏ *Duration:* How long should payouts last?

❏ Payment *split*: One-time lump sum or several payments?

❏ Amount/split: How *should amount vary* depending on the number of payouts?

QUESTIONS & BREAK

III. ONLINE TOOL TRAINING

https://disasterriskfinance.shinyapps.io/malawidesignsrsptool/

Online Tool Exercises

This exercise starts with analyzing the cost for the **default parameters.**
Please <u>keep changes</u> in the parameter values for subsequent exercise sections.

Choose
Mangochi, Blantyre & Phalombe

1a. What is the **average cost** of running the mechanism in these 3 districts under the **default assumptions?**

❑ **A. $1,067,894**   ❑ **B. $2,427,903**

1b. If we assume a budget of $3 million per year, in **how many seasons** would the **cost be more than the available budget?**

❑ **A. One**   ❑ **B. Two**   ❑ **C. Five**

Choose
15% horizontal coverage

2a. How does the **cost and coverage of the mechanism change** if we assume **no scale up** to **regular recipients**

❑ **A. Cost: -US$266,683/-1,830 HHs**
❑ **B. Cost: -US$427,157/-3,560 HHs**

2b. How high can you set the monthly payment for horizontal expansion such that the **average costs** remain **below US$1 million?**

❑ **A. $12**   ❑ **B. $15**   ❑ **C. $20**

Add
Mulanje & Zomba

3a. Including the new districts, in how **many more years** is the **budget exceeded**?

❑ **A. 5**   ❑ **B. 6**   ❑ **C. 7**

3b. **Which district** has the **highest household coverage**? (tip: see exhibit 2)

❑ **A. Mulanje**
❑ **B. Blantyre**
❑ **C. Phalombe**