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# Financing Shock-Responsive Social Protection in Eastern and Southern Africa

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## Key messages



Over 50 million children in Eastern and Southern Africa (ESA) are exposed to multiple climate and economic shocks; many are living in conflict-affected and fragile states (UNICEF ESARO, 2025). It is essential that current safety nets are strengthened to enhance resilience, in alignment with the G20's goal to increase social protection coverage in developing countries by 2 percentage points each year.



Several ESA governments are making progress in strengthening the shock-responsiveness of their national social protection systems, but most shock responsive social protection (SRSP) mechanisms are in an early stage of development and reliant on external financing. Ten countries in ESA do not yet have shock-response mechanisms integrated into their national social protection system.



Governments' ability to respond to increasing shocks is limited by underfinanced social protection systems. Improved financing of national social protection systems is required to develop early warning systems; roll out and update social registries; and establish flexible payment mechanisms, to facilitate rapid scale up to populations facing shocks.

As external aid declines, governments need to prioritize sustainable financing for social protection by:



- Increasing domestic budget allocations for social protection programmes to expand coverage and improve system performance.
- Establishing pre-arranged shock-responsive financing mechanisms—such as contingency budgets, reserve funds, parametric insurance, catastrophe bonds and drawdown facilities—to better manage risks and improve crisis response capacity.



A renewed, coordinated effort by development partners is required to align humanitarian support with government social protection (SP) budget frameworks at national and decentralized levels; and integrate national government SRSP into climate finance frameworks. Climate financiers should explicitly incorporate SP within investment guidelines and acknowledge its impact on adaptation, mitigation, and loss and damage.

# 1. Introduction

## The critical need for shock-responsive social protection in Eastern and Southern Africa

As the climate crisis deepens, countries in Eastern and Southern Africa (ESA) are increasingly vulnerable to the economic consequences of multiple overlapping shocks. In recent years, the region has endured severe environmental events including record-breaking droughts and floods between 2022 and 2024. Compounding these challenges, one-third of ESA countries are currently classified as fragile or conflict-affected (World Bank, 2025). A recent study estimates that African countries are already losing up to 5% of their GDP due to climate change, with some allocating as much as 9% of their national budgets to shock response (WMO, 2024). By 2050, the direct and indirect costs of the climate crisis could rise to 15% of Africa's total GDP (AfDB, 2019). These mounting costs will place additional strain on government budgets at a time when investment in social protection (SP) has never been more urgent. Children are especially vulnerable in this environment, as the combination of poverty and limited access to essential services such as social protection intensifies the impacts of shocks they face (UNICEF, 2021).

Given that many shocks are predictable, recurrent, or protracted, it is essential that government SP systems are designed with built-in capacity to anticipate and respond. This enables rapid scale-up during emergencies. UNICEF advocates for governments to prioritize SP as a core component of their disaster response strategies and to ensure that financing mechanisms are in place to expand SP provision beyond lifecycle events (e.g., old age, maternity, disability, unemployment) during crises. Effective SRSP requires programmes that can scale up both horizontally (expanding coverage to new populations) and vertically (increasing benefit levels for existing recipients) in a timely and efficient manner in response to events, such as natural disasters, pandemics, economic crises and conflict. These programmes should be part of national SP systems to ensure flexibility and resilience (UNICEF, 2019).

Currently, just over half of ESA countries have national social protection programmes that are shock-responsive in design (also referred to in some parts of this brief as SRSP programmes for short)<sup>1</sup>. Most remain in early stages of development, focusing on strengthening system capacity for effective shock response. However, many SRSP initiatives still rely heavily on donor funding—for both core

### Box 1. What is Shock-Responsive Social Protection (SRSP)?

SRSP refers to the ability of national social protection systems and programmes to anticipate, prepare for, and respond effectively to large-scale shocks—such as natural disasters, economic crises, pandemics, or conflicts. In fragile, conflict- and violence-affected (FCV) contexts across ESA, UNICEF works alongside humanitarian actors to maintain continuity of support and prevent the breakdown of SP systems. However, while humanitarian cash transfers (HCTs) are increasingly used to provide humanitarian assistance, they should not be considered SRSP, which is the shock-responsive component of a national government programme. These brief focuses on how ESA countries can finance SRSP as an integral part of their national SP systems to strengthen their capacity to respond to shocks.

operations and emergency scale-up. In the face of declining development and humanitarian aid, it is critical that SRSP design includes contingent financing mechanisms to future-proof SP systems in the region. Ensuring an effective SP response to shocks will require sustained investment in the foundational building blocks of social protection. This includes adequate financing for national SP systems to enhance population resilience, and improvements in coverage, adequacy, timeliness, and comprehensiveness of support.

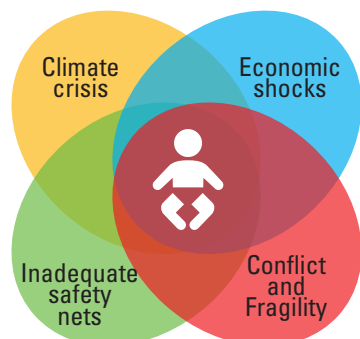
This brief explores how SRSP can be more effectively financed in ESA. It outlines the financing instruments available to governments for integrating shock-response into national SP systems, to enable timely scale-up and disaster response. In addition, it analyses the shock-response financing mechanisms currently used by social protection programmes in ESA, highlighting priorities and challenges in strengthening the region's SP systems. The analysis draws on current literature, data from the UNICEF Children's Climate and Environment Risk Index (CCRI), the ILO World Social Protection Report, and programme and finance documents from governments and development partners.

<sup>1</sup> For the purposes of this brief, a government social protection programme is considered shock responsive if has the capacity for rapid horizontal or vertical scale up in the event of a shock (including climate-related or natural disasters, pandemic or economic crises or conflict).

## 2. Building Resilient Safety Nets

### Priorities and challenges for shock-responsive social protection in ESA

**Figure 1:** Multiple risks to children in ESA



Many countries in ESA face acute vulnerability to climate and economic shocks, compounded by high levels of child poverty and limited SP coverage. In several contexts, these risks are further intensified by conflict, fragility, and displacement. In 2025, six ESA

countries have an active UNICEF Humanitarian Action for Children appeal in place, underscoring the scale of humanitarian need.

Children in ESA are exposed to multiple overlapping shocks that compound their vulnerability, making the urgent strengthening of SRSP financing across the region a critical priority. Table 1 below illustrates the severity of challenges by country, showing that low-income countries tend to be both more exposed to climate and environmental risks and have the weakest SP systems.

Countries most at risk include *South Sudan, Somalia, Ethiopia, and Mozambique*, all of which are currently affected by conflict or fragility. In *Madagascar, Uganda, and Tanzania*, populations also face high climate and environmental risks, alongside elevated child poverty and inadequate SP coverage. Children are particularly exposed not only due to their heightened vulnerability to shocks, but also because they tend to receive lower levels of SP support than other priority groups, such as the elderly.

**Table 1:** Country-level risk exposure (climate and environmental shocks, fragility and SP coverage)

Country	Children's Climate and Environment Risk*	Child poverty (% children)	SP coverage (% population)	SP coverage (% children)	Fragility, conflict or humanitarian need
Namibia	5.1	24.1	52.1	33.6	
South Africa	5.2	7.1	63.4	67.3	
Botswana	4.8	16.8	13.5	2	
Eswatini	5.2	40.6	36.1	11.8	
Lesotho	5.4	42.1	11.7	59.6	
Rwanda	5.7	47.5	7.2	0.8	
Zimbabwe	6.1	48	16.4	6	X
Burundi	6.1	79.1	16.1	17.5	
Kenya	6.3	29.1	9	2.7	
Zambia	6.6	66.7	30.3	20	
Malawi	6.7	75.3	19.9	29.5	
Tanzania	6.7	48.6	11.4	..	
Uganda	6.8	44.4	3.1	..	
Eritrea	7.1	..	8.4	8.6	
Ethiopia	7.6	20.9	7.4	3.8	X
Madagascar	7.9	86.8	15.4	19.6	X
Angola	7.9	39.6	8.7	0.3	
Mozambique	7.9	49	6	0.1	X
South Sudan	8.2	77.7	0	0	X
Somalia	8.4	70.4	0	0	X
	1 = lowest risk 10 = highest risk UNICEF CCRI	% children (100 = highest risk) World Bank 2023	% population (0 = highest risk) ILO WSPR 2024	% children (0 = highest risk) ILO WSPR 2024	<b>Conflict Institutional and social fragility*</b> World Bank FCV

#### Risk level

Extremely high	High	Moderate	Low
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\* X indicates countries with a UNICEF Humanitarian Action for Children appeal in 2025.

**Sources:** based on UNICEF's *Children's Climate and Environment Risk Index UNICEF, 2021*; *World Social Protection Report (2024-2026) -ILO, 2024*; *List of Fragile and Conflict-Affected Situations-World Bank, 2025*; *World Bank, 2023*.<sup>2</sup>

## 3. Options for Financing Shock-Responsive Social Protection

Ensuring effective SRSP requires robust financing of core SP systems to build resilience across the general population, alongside the integration of mechanisms that enable timely scale-up in response to shocks. This entails:

- **Strengthening domestic investment** in national SP systems to ensure sustainability and greater coverage.
- **Embedding scalable mechanisms** within national social protection programmes to allow for rapid expansion during emergencies; and
- **Establishing pre-arranged financing** for anticipatory action and/or shock response to enable swift and predictable funding flows.

Outlined below are the financing options available to governments, both domestic and external, categorized as pre-arranged (ex-ante) and response-based (ex-post) mechanisms. These are accompanied by examples of their application to date across ESA countries.

### 3.1 Pre-arranged (ex-ante) SRSP financing options

*To enable effective and timely scale-up of SP in response to shocks, governments must establish the necessary **public financial management (PFM) mechanisms** to access and disburse funds efficiently. This includes embedding contingency budgets within sectoral programmes and establishing a national reserve fund, such as a disaster relief fund, within the broader fiscal framework.*

*Governments will also need to adopt **risk insurance and financing instruments** to ensure sufficient resources are available for scaling up SP in response to shocks. These tools provide access to additional funds when domestic resources are insufficient. While access to international capital markets has historically been limited for many ESA countries, development partners are increasingly offering guarantees and technical support to facilitate the uptake of such instruments and reduce financial barriers to entry.*

*While international aid flows are declining sharply, **continued international cooperation remains essential** to support the equitable and effective scale-up of SP. In ESA, ODA has provided technical assistance, which has been critical to build the robust data systems, and evidence generation required for SRSP. It is particularly urgent that ESA countries gain access to **climate finance for SP**, including through the integration of SRSP into their Nationally Determined Contributions (NDCs).*

#### Contingency budgets within government social protection programmes

For predictable and recurrent shocks, governments can embed contingency budgets within the design of SP programmes to enable rapid horizontal (expanding coverage) and/or vertical (increasing benefit levels) scale-up during emergencies. In ESA, several programmes have adopted this approach as part of a layered response strategy.

For example, Ethiopia's Productive Safety Net Programme (PSNP) initially included a contingency budget—pre-financed by both the government and development partners—amounting to up to 20% of the total programme budget. This reserve was specifically designed to support scale-up during droughts. Over time, the management of this contingency budget has shifted between federal and district levels, depending on the phase of the programme.<sup>3</sup> In Malawi, the Social Cash Transfer Program (SCTP) employs a dual financing strategy: a contingency fund to address additional needs during moderate drought years, and a risk transfer (insurance) product to respond to more severe climate events (Archibald, 2024).

#### Reserve funds within the national budget (i.e. disaster relief funds)

For severe and less predictable events, such as floods, pandemics, or other large-scale emergencies, governments may draw on reserve funds embedded within broader disaster risk financing strategies and supported by legislative frameworks. Several ESA

2 UNICEF's [Children's Climate and Environment Risk Index](#) is a composite index based on indicators across climate and environmental hazards, shocks and stresses, as well as child vulnerability.

3 This has now been replaced with a comprehensive shock-responsive safety net (SRSN) component in PSNP 5.



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PHOTO: The Gwembe Valley has been deeply affected by the a drought. The effects of the drought remain adverse with visible crop failure, dried up water points, food insecurity, malnutrition and its consequences effecting the health of mothers and children.

countries have established such funds or are in the process of developing them. For example, the Government of Kenya has established the National Drought Emergency Fund, backed by a \$200 million Catastrophe Deferred Drawdown Option (Cat-DDO) from the World Bank designed to support emergency response, although it has not yet been utilized for SRSP purposes (STAAR, 2024).

### Pre-arranged risk financing and insurance

Access to risk market instruments remains limited for many developing countries, including those in ESA, due to higher costs and more stringent conditions. As a result, most risk insurance in the region is financed through hybrid arrangements that combine donor support with government contributions. To help bridge this gap, the World Bank has facilitated access to international insurance and capital markets by allowing countries to cover the costs of disaster risk transfer instruments through World Bank financing. In some cases, these costs are incorporated into the interest rates of Bank loans. Two types of guarantees are relevant in this context:

- **Project-Based Guarantees** are typically used to attract private investment for specific infrastructure or development projects. While valuable, they are less applicable to SRSP due to their project-specific nature.
- **Policy-Based Guarantees**, on the other hand, are designed to mitigate risk for commercial lenders in the event of government default on debt service payments. These guarantees are linked to development policy operations and can be used to support budgetary financing, making them potentially more relevant for SRSP scale-up and integration into national systems in the future.<sup>4</sup>

### Parametric insurance

**Parametric insurance** is one instrument adopted by ESA countries to support SRSP. These insurance products trigger payouts based on predefined parameters, such as rainfall indices, to indicate drought or flood risk, enabling timely and predictable responses.

The Africa Risk Capacity (ARC) Group, established through a Multi-Donor Trust Fund (MDTF) in 2021, provides risk pooling and transfer facilities to governments in the region. Over the past five years, five ESA countries- Madagascar, Malawi, Mozambique, Zambia, and Zimbabwe- have utilized parametric drought insurance through ARC, resulting in payouts totalling US\$78 million. In Zambia, ARC payouts financed government emergency cash transfers to over 92,000 households impacted by the 2023/2024 drought for a period of six months (Africa Risk Capacity, n.d.)

UNICEF has also launched the Today and Tomorrow initiative, a disaster risk finance mechanism specifically targeted to the needs of children and young people. It is currently being piloted in three ESARO countries: Comoros, Madagascar, Mozambique, with plans to roll out to more countries after 2025. The 'Today' component invests in community resilience building. In Madagascar, this includes strengthening the capacity of the national social protection system to adapt to climate change. The 'Tomorrow' component provides a rapid response to tropical cyclones through pre-arranged parametric insurance (UNICEF Today and Tomorrow, n.d.). Another initiative is the The Global Shield against Climate Risks which is currently active in four ESA countries: Madagascar, Malawi, Rwanda, and Somalia. This initiative is expected to reinforce the role of national SP systems in disaster prevention and recovery, positioning SRSP as a central component of climate resilience strategies (WFP, 2023). However, both these initiatives are small-scale and reliant on donor funding.

4 <https://www.worldbank.org/en/programs/guarantees-program.print#2>

## Catastrophe bonds

Catastrophe bonds are designed to provide rapid funding in the event of a disaster by transferring risk to investors. While their use for SRSP in ESA remains limited, some countries have adopted related contingent financing instruments. The most common example is the World Bank's Catastrophe Deferred Drawdown Option (CAT-DDO), which provides immediate liquidity following a natural disaster if a pre-arranged trigger has been met.

In Malawi, a CAT-DDO is in place under the First Growth and Resilience Development Policy Operation (DPO), which includes an SRSP component within one of its pillars. Similarly, Kenya maintained a CAT-DDO until the end of 2024 as part of the Kenya Social Economic Inclusion Project (KSEIP). However, the Kenyan government has faced challenges in financing its share of KSEIP, which previously led to delays in shock response.

While CAT-DDOs provide general budget support for expenditures related to natural disasters, the World Bank has recently introduced a new contingent financing instrument: **Investment Project Financing with Deferred Drawdown Option (IPF-DDO)**. Unlike CAT-DDOs, IPF-DDOs earmark funds for specific investment projects and allow drawdown upon the occurrence of a predefined trigger event. This mechanism is designed to "shock-proof" targeted projects or public institutions, ensuring resources are available during crises. IPF-DDOs have relevance for SRSP, as they can potentially backstop SP programmes to rapidly expand coverage during food security emergencies. They can also support national disaster funds in response to major droughts

or floods, with potential to preserve livelihoods or support recovery, both of which can be done through SRSP. Although no ESA country has yet adopted an IPF-DDO, it represents a potential option. There are special considerations available for IDA grant-eligible countries which can have up to 50% of IPF-DDO costs covered through the IDA General Pool.

## Development Assistance

Donor financial and technical support has played a pivotal role in the design and implementation of SRSP pilots across ESA and will remain critical as countries transition to national-scale programmes. However, Official Development Assistance (ODA) to social protection in ESA remains limited. In 2022, Country Programmable Aid (CPA) from all donors to SP accounted for just 3.7% of total CPA in the region, with combined grants and loans amounting to US\$82.72 million, not all of which is allocated to shock response elements specifically (UNICEF, 2025).<sup>5</sup> The World Bank's International Development Association (IDA) provides the bulk of external financing for SP in ESA, through various windows including: Performance-Based Allocations, the Fragility, Conflict and Violence (FCV) Envelope, the Crisis Response Window and the Scale-Up Window. Our estimates suggest that between 2021 and 2027, active World Bank projects will contribute approximately US\$1.25 billion to SP programmes in ESA that include a shock-responsive component. It is important that in the context of declining ODA, development aid focuses on strengthening the shock-responsive capacity of national government social protection systems to minimize the need for emergency humanitarian response.



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PHOTO: 12 year old Alekiir Deng Lueth washes pots in flood water outside the village of Panyagor in Twic East, Jonglei State in South Sudan.

<sup>5</sup> Note: CPA is Country Programmable Aid (CPA) refers to official development assistance (ODA) that is subject to multi-year planning at the country or regional level (i.e. excluding unplanned humanitarian assistance or debt relief etc.)

## Climate finance

The linkages between climate adaptation and SRSP are increasingly recognized, and recent IPCC reports have called for the scale up of support for SP mechanisms through the four main climate funds- the Green Climate Fund, the Global Environment Facility, the Adaptation Fund and the Climate Investment Funds (FAO & GCF, 2025). Although practical application of climate finance for SRSP in ESA remains limited (Mackinder, Snell, & Holden, 2024), two ESA countries, Botswana and Mozambique have used climate finance to support SP system strengthening. In Mozambique the Green Climate Fund (GCF) approved a US\$28 million project in 2024 titled Linking Climate Adaptation and Social Protection through Decentralized Planning (UNICEF, 2024). In Botswana, GCF supports a public works and vocational training programmes for youth and indigenous people (FAO & GCF, 2025).

The newly established Fund for Responding to Loss and Damage (FRLD) is also expected to support vulnerable communities in recovering from climate-related events across the world. Although the FRLD is not anticipated to be operational until 2030, most ESA countries have already taken the first step toward accessing climate finance for SRSP by including social protection in their Nationally Determined Contributions (NDCs). For example, Malawi's NDC highlights the role of SP in climate adaptation and response through cash transfers, school feeding, and public works programmes. Kenya's NDC commits to developing social safety nets for youth and other vulnerable groups (USP2030, 2024). The exceptions are Botswana, Madagascar, and Tanzania which did not reference SP in their NDCs at the time of review.

Progress on costing these commitments remains slow. Globally, only 53% of countries have quantified their overall climate finance needs, and even fewer have provided sector-specific cost estimates. With NDCs 3.0 due for submission in 2025, it is critical that ESA countries cost their mitigation, adaptation, and loss and damage strategies—particularly their SRSP goals—to strengthen their eligibility for climate finance.



## 3.2 Response (ex-post) financing options

*While a well-designed national programme that is shock responsive should aim to minimize the need for ex-post financing, all countries may occasionally need to rely on response financing in the face of unforeseen events, as demonstrated during the COVID-19 pandemic. Governments use budget reallocations, or resort to post-disaster borrowing to mobilize resources in such scenarios. In some settings, humanitarian aid may also serve as a fallback option. However, reliance on humanitarian channels risks creating parallel systems of SP delivery, which can undermine national ownership, coordination, and sustainability. Even when governments mobilize resources for to support affected households ex-post, they should prioritize channelling these resources through national social protection programmes that include shock-responsive components—where such systems exist.*

**Budget reallocation** is one tool that governments can consider, although in low-income settings, this is unlikely to release adequate funds. **Post-disaster borrowing** is another response option available to most governments. Some ESA countries have received funding for emergency response under the **IMF's extended credit facility**. For example, the IMF approved an immediate disbursement of some \$569.6 million to Zambia in 2024, increasing its financial support from \$1.3 billion to \$1.7 billion for drought response (IMF, 2024). In several countries, additional financing has been used through WB projects to respond to shocks via shock-responsive safety nets using the **Crisis Response Window**. For example, the World Bank has to date disbursed three rounds of additional financing to Ethiopia to the Strengthen Adaptive Safety Net (SEASN) programme (the latest in March 2024). Zambia received additional financing for the Scaling-up Shock Responsive Social Protection Project (SSRSP AF2) to scale up the country's Social Cash Transfer (SCT) program). However, with average general government gross debt reaching 57.6% of GDP across ESA in 2025, there are increasing concerns about debt sustainability in the region.

In recognition of this, there are calls for the extension of the **debt holiday** through the IMF's Catastrophe Containment and Relief Trust (CCRT), which provides grants for debt service for a limited period (up to 2 years) for the [poorest and most vulnerable countries](#) hit by catastrophic natural disasters or public health disasters (ILO & UNICEF, 2023). Mobilised in response to COVID-19, 31 CCRT-eligible countries with debt service to the IMF received SDR 690 million (US\$927 million) in debt relief over the two-year period from April 14, 2020, to April 13, 2022.

Due to the number of protracted crises in the region, many ESA countries continue to rely on **humanitarian aid** to provide emergency cash assistance. In 2023, it is estimated that ESA received around one billion USD in humanitarian cash and voucher assistance, far outweighing regular development aid to SP (UNICEF, 2025)<sup>6</sup>. However, humanitarian aid is by its nature highly variable, crowding in funds for specific countries in crisis, to the potential detriment of other countries in need. Between 2020 – 2024, over two-thirds of all humanitarian aid to ESA went to just three countries, with Ethiopia, South Sudan and Somalia receiving over two-thirds (67.8%) of humanitarian aid to the region (around a fifth of this is estimated to be delivered as cash and voucher assistance (CALP Network, 2023).

To build resilient and nationally owned SP systems, it is essential that humanitarian aid is channeled through existing government structures. A key step toward this objective is increasing the share of aid delivered via cash and voucher assistance (CVA). There are promising developments in ESA. In Ethiopia, for example, the Productive Safety Net Programme (PSNP) has undergone reforms to replace parallel delivery mechanisms for cash and humanitarian food assistance with a more integrated shock-responsive safety net (SSRN), designed to enable both horizontal and vertical expansion. While the SSRN has encountered delivery challenges, it has demonstrated that leveraging existing programme systems and pre-arranged financing can lead to more effective and efficient shock responses, while minimizing reliance on parallel structures (Conway, 2023).

However, the vast majority of CVA is still delivered via parallel structures. Although precise figures are unavailable, it is estimated that over 90% of humanitarian CVA globally operates outside government frameworks (Devinit, 2024). It is critical

that countries have in place disaster response plans that spell out how emergency funds can support the shock-responsive components of national government programmes as a priority.

Efforts are underway to embed **anticipatory action**, including through mechanisms such as the UN Central Emergency Response Fund (CERF). Anticipatory action is a set of pre-planned, proactive measures implemented before a predicted crisis or disaster, triggered by early warnings and supported by pre-allocated funds, and integrated within broader humanitarian, disaster, and climate resilience efforts (UNICEF 2024a). However, early responses still represent a small fraction of overall humanitarian assistance. In 2024, CERF's anticipatory action window amounted to just \$120 million globally, approximately 2% of total humanitarian aid that year. Despite its limited scale, CERF demonstrates how humanitarian financing could support shock-responsive social protection if aligned with government systems. For instance, in Bangladesh, CERF allocated \$6.2 million to enable UN agencies to deliver assistance, including cash transfers, to 388,000 at-risk individuals five days ahead of peak flooding, significantly mitigating the disaster's impact (CERF, 2024).

**Table 2:** Summary of SRSP financing options

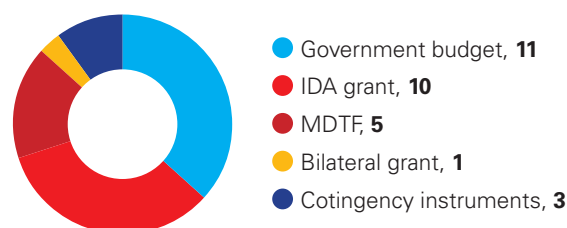
Pre-arranged (ex-ante)	
Domestic	External
Contingency Budgets within Social Protection Programmes	ODA
Reserve funds within the national budget (i.e. national reserve or disaster funds)	Climate Finance
Pre-arranged market instruments (i.e. Catastrophe Bonds; Parametric Insurance)	Contingent Financing Options (i.e. CAT-DDOs; IPF-DDOs; CERCS) Subsidies for risk insurance (i.e. ARC) Guarantees for market instruments (i.e. WB policy guarantees)
Response (ex-post)	
Domestic	External
Budget reallocations	Humanitarian aid
Post-disaster borrowing (i.e. Crisis Response Windows)	Debt relief (i.e. CCRT)

<sup>6</sup> According to the State of the World's Cash Report 2023, about 21% of all humanitarian aid is delivered through cash or voucher assistance. Although overall humanitarian aid volumes declined from their 2022 peak, the ESA region still received approximately \$5.55 billion in 2023. Based on the 21% estimate, this could translate to roughly \$1.16 billion in CVA which far exceeds the \$249 million in ODA allocated to regular SP in the same year.

## 4. Shock-Responsive Social Protection Financing in ESA

Currently, just over half of countries in ESA have a national social protection programme that is shock-responsive either in place or under development. In seven countries, these are financed through hybrid arrangements, with governments contributing a portion of the funding and development partners covering the remainder. In three countries, the programmes are fully funded by development partners, while in two countries, they are solely financed by national governments. The World Bank is the primary source of external financing, with most support provided through the International Development Association (IDA) grants. (See Figure 2.)

**Figure 2:** Financing modalities in use for SRSP programmes currently active in ESA (number of programmes)



**Source:** government and programme documents from the 13 ESA countries with an active SRSP programme in place.

Table 3 summarises the main SRSP programmes currently active in ESA, and their key financing modalities.

**Table 3:** Social protection programmes with a shock responsive component currently active in ESA (2025)<sup>7</sup>

Country	Programme	Objective of the shock responsive component	Financer and modality
Comoros	Shock Responsive and Resilient Social Safety Net Project (SSNP) <i>Pilot</i>	The objective is to deliver emergency cash transfers and strengthen the resilience of vulnerable households. The 'Ensuring Immediate Response to Shock' component facilitates vertical expansion in regions where the SSNP is already implemented and horizontal scale-up to include new beneficiaries.	Government with support from the World Bank. IDA Grant.
Ethiopia	Productive Safety Net Programme (PSNP)	The objective is to broaden geographic coverage and improve service delivery of Ethiopia's adaptive rural safety net, thereby addressing seasonal fluctuations and supporting climate mitigation efforts.  In the event of an <i>Eligible Early Response Financing Event</i> , ensure a timely and effective response.	Government, World Bank and donors via an MDTF. IDA Grant.
Eswatini	Emergency Food Assistance <i>(Non-cash assistance)</i>	An ex-post response mechanism is activated in cases of drought or severe food insecurity, utilizing community-based targeting measures that are validated by local leaders. Monthly food rations (comprising maize, pulses, oil, and a corn-soya blend) are distributed to affected populations.	Primarily donor-funded (e.g., WFP), with in-kind and financial contributions from Government.
Kenya	Cash Transfer for Orphans and Vulnerable Children (CT-OVC)	SRSP capacity integrated into the NSNP unified registry to allow for scale up in event of need (based on child poverty assessments)	Government
	Hunger Safety Net Programme (HSNP)	Designed to be scalable and shock responsive to prevent seasonal hunger exacerbated by extreme weather	Government (until 2024 with support from FCDO and the World Bank).
Lesotho	Child Grant Programme	Horizontal and vertical expansion to disaster-affected households (drought, floods)	Government with support from European union and UNICEF
Madagascar	Madagascar Social Safety Net Project (MSSNP)	Support the government in increasing the access of extremely poor households to safety net services  Developing the social protection system to promote resilience to shocks.	World Bank funded IDA Grant (2023-2027)
	Zara Mira Programme <i>Pilot</i>	Scale up routine cash transfers to respond to cyclones and/or food insecurity when needed	MDTF (incl. Germany and Ireland)

<sup>7</sup> Based on national government programmes currently active in ESA.

Country	Programme	Objective of the shock responsive component	Financer and modality
Malawi	Social Cash Transfer Programme (SCTP)	First Growth and Resilience DPO with a Catastrophe Deferred Drawdown Option protects poor households' livelihoods through effective shock-sensitive social safety nets, improving the legal and regulatory framework for government to both manage and respond to disaster risks and to enhance the resilience of buildings.	IDA grant combined with a Catastrophe Deferred Drawdown Option.
	Social Support for Resilient Livelihoods Project (SSRLP)	Support the Malawi National Support Programme (MNSP II) as the overarching and formal platform in social protection including; an option for scalable financing in time of crisis.  Technical expertise and assistance to the Government of Malawi use of disaster risk financing to develop an adaptive social protection mechanism to scale up assistance in the event of drought	World Bank funded. IDA Grant.  Government, supported by a World Bank multi-donor trust fund
Mozambique	Social Protection and Economic Resilience Project	Includes a contingent emergency response component (CERC) that will allow for rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis that has caused or is likely to imminently cause a major adverse economic and or social impact.	World Bank funded. IDA grant.
Rwanda	Vision 2020 Umurenge Programme (VUP)	SP programme with public works aimed at climate change adaptation or disaster risk infrastructure	Government
Somalia	Baxnaano	Supports Delivery Systems and Institutional Capacity Building, including a Unified Social Registry and Baxnaano management information system (MIS) to help ensure shock-responsive coverage in times of crisis.	World Bank and development partners. IDA Grant.
Tanzania	Productive Social Safety Net (PSSN)	Labour intensive public works programme provides temporary work to poor households during lean seasons	Government supported by the World Bank
Uganda	Northern Uganda Social Action Fund (NUSAF)	Build critical systems for adaptive social protection supporting the creation of the national dynamic social registry, the scale up of digital payments, monitoring, and evaluation of Uganda's SP programs.	Global Financing Facility. IDA Credit.  Global Risk Financing Facility Multi-Donor Trust Fund (2025 – 2031)
Zambia	Social Cash Transfer (SCT)	Scaling Up Shock Responsive Social Protection Project (SSRSP) is a component of the SCT, which provides the flexibility to undertake vertical and/or horizontal expansion of the cash transfers to respond to climate shocks or economic downturns as required.	Government, World Bank and development partners through a MDTF <ul style="list-style-type: none"> <li>• Free-standing TFs AFR Human Development.</li> <li>• IDA Grant (2022-2025)</li> </ul>
Zimbabwe	Harmonized Social Cash Transfer (HSCT)  (SRSP component in development)	Shock-responsive social protection system strengthening, including an emergency cash transfer programme aligned with HSCT.	Government and UNICEF

**Source:** World Bank Projects Database, Costella, et al., (2024); UNICEF COs. Note. World Bank projects currently active and incorporating a SRSP component.

Despite the expansion of national SP programmes that are shock responsive across ESA in the past decade, a range of institutional and financial challenges continue to constrain effective delivery. Most programmes that are SRSP or their shock responsive components remain heavily reliant on external financing, and this dependence is compounded by fragmented funding channels and volatile aid flows, which undermine efforts to build cohesive and sustainable systems. In several countries, SRSP initiatives are still on the pilot stage

and/or not fully built within national programmes. While some have established multi-donor trust funds (MDTFs), which is a step towards donor coordination, in some contexts the diversity of donor expectations and timelines continues to complicate long-term planning. Even where countries have made progress in integrating SRSP into national programmes, these efforts often rely on time-bound International Development Association (IDA) grant financing. Programme documentation indicates that a substantial portion of SRSP IDA support

is directed toward foundational system-building, such as strengthening early warning systems, social registries, and digital payment infrastructure, to enable rapid scale-up, rather than toward pre-arranged response mechanisms. While these investments are critical for long-term resilience, they also highlight the sector's ongoing and significant financing needs.

Even when financing is in place, systemic challenges and delays in disbursement can impede timely response. Countries such as Ethiopia, Kenya, and Malawi have developed well-designed, government-led SRSP programmes in collaboration with development partners. However, implementation has often been constrained by institutional and financial limitations. Recent evidence from Kenya and Ethiopia indicates that governments do not consistently release budgeted SRSP funds as planned, requiring humanitarian agencies to step in and provide interim social assistance (Conway, 2023; Pearson, Goodman, & Juillard, 2025; Ndung'u & Pearson, 2024).). Some of the challenges include bureaucratic bottlenecks, gaps in public financial management systems, and cash flow constraints, compounded by decentralization challenges and political prioritization issues that may slow disbursement despite allocations being in place. Addressing these bottlenecks—such as decentralizing some functions and increasing the capacity of local governments—will be a critical priority moving forward.

Given constrained fiscal space, ESA governments still often rely on emergency borrowing or humanitarian aid to finance their crisis response. Emergency borrowing through MDB instruments such as the World Bank's Crisis Response Window (CRW) can be a painstaking process, with the requirements

for preparing World Bank financing (preparation, appraisal, negotiation, and board approval) not ideally suited for rapid shock response. Recently, reforms have been introduced to facilitate a timelier shock-CRW instrument. Nonetheless, it will be important that countries put in place some of the initial requirements, such as the preparation of national disaster response and preparedness plans- which prioritise SP responses- to be able to access CRW funds in the event of an emergency.

Continued reliance on emergency funds for short-term response programmes does not support long-term system and programme development and is unsustainable in today's context of declining overall aid flows. It is also a less efficient and predictable approach to financing. There is a growing evidence base on the cost-benefits of investing in early action and prevention, demonstrating that integrating SRSP into national systems is more cost-effective and sustainable over time than humanitarian aid. For Kenya's Hunger Safety Net Programme (HSNP), the operational cost per dollar transferred was found to be lower than that of comparable emergency aid efforts (O'Brien, et al., 2018). In Ethiopia, studies estimate that scaling up PSNP during emergencies costs about 25–30% less per household compared to setting up parallel humanitarian assistance mechanisms (Bowen, et al., 2020). In Malawi, during Cyclone Idai, households that received cash through pre-existing systems accessed aid faster and at lower delivery costs compared to humanitarian distributions (Bowen, et al., 2020). Despite the challenges, it is critical that ESA governments sustain investment in SRSP – and critically make greater use of the contingent financing and insurance mechanisms available.



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PHOTO: A child stands near a water pump surrounded by floodwaters in Gatumba, located near Bujumbura in Burundi.

## 5. Pathways for leveraging domestic and international financing for SRSP

Despite progress over the past decade, close to half of countries in ESA currently lack an explicit SRSP component within their national social protection programmes. Among those that have developed national SP programmes that are shock responsive, most remain at an early stage, focusing on capacity building and establishing the systems needed for scalable response in the event of a shock. A key priority for strengthening SRSP in ESA will be to:

- i) continue to reinforce national social protection systems, with adequate and sustained financing through general government revenue;
- ii) include shock-response priorities in national social protection policies; and
- iii) ensure that all countries in the region have a dedicated shock-response financing mechanism in place that can be channelled through national social protection programmes.

Given the increasing frequency and severity of shocks in the region, ESA governments will also need to establish disaster response financing mechanisms—including domestic disaster relief funds—and make full use of available external financing options. These include both ex-ante (pre-arranged) and ex-post (response) instruments, such as market-based tools backed by multilateral development banks, including World Bank Catastrophe Bonds, risk insurance, and climate finance from major global funds.

As highlighted in recent analysis, the countries most exposed to shocks are often those least equipped to finance adequate SRSP policies. In low-income contexts facing compounded environmental and conflict-related risks—and where government-led SP coverage remains limited—effective SRSP financing will continue to depend on substantial support from development partners. In the short to medium term, it will therefore be essential to strengthen efforts to transform humanitarian aid into government-led SRSP programmes, to help bridge financing gaps and build more resilient national responses.

### In this context, the following are the available pathways for ESA countries to finance SRSP:

**Strengthening national systems.** Effective SRSP depends on equitable, efficient, and well-funded government SP systems that are operating at scale, backed by current policies, legislation, and clear financing strategies with prearranged options. Despite progress, many ESA countries need to

improve their SP systems' adaptability—such as updating social registries, digital payments, and early warning systems—to enable rapid scale-up during shocks.

**Increasing uptake of MDB financing options.** So far, ESA countries have made limited use of the full set of World Bank's contingent financing options that can work for SRSP, instead relying on IDA grant financing. One product (IPF-DDO) is designed to protect programme funds against shocks, offering a drawdown option that enables governments to expand SP coverage to households quickly during a food security emergency. Other instruments, such as CAT bonds, can be used to support national disaster funds, which may also include a facility for SRSP. MDBs need to ensure that Governments are fully aware of the range of instruments available, and to advocate for their application to SRSP, to maximise the use of contingent financing options.

**Accessing market instruments.** African nations have faced difficulties accessing disaster risk financing in international markets, mainly due to low awareness, high costs, and limited private sector involvement (AfDB, n.d.). High initial investments like insurance premiums are a significant barrier. Regional efforts such as ARC and the Global Shield now help governments gain access to risk financing for a range of initiatives, including SP, through hybrid arrangements in collaboration with development partners. Currently, about a quarter of ESA countries are pursuing this option, offering an opportunity for others to follow suit.

**Linking SRSP to climate finance.** To enhance the extent to which SP benefits from climate finance, ESA countries should integrate SP into their NDCs and national climate strategies and demonstrate its role in building resilience and responding to climate shocks. Strengthening the climate responsiveness of SP systems—including early warning integration, scalable delivery, and targeting of climate-vulnerable populations—is essential. At the same time, climate finance providers must adapt investment frameworks and tracking mechanisms to explicitly recognize SP's contribution to climate adaptation, mitigation, loss and damage.

**A coordinated international response.** Building synergies across development, humanitarian, and climate efforts is crucial. Coordination between governments and development partners is needed, especially in fragile states facing large-scale disasters. Integrating humanitarian responses into government SP systems is both important and cost-effective.

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