



PROJECT BRIEF

MALAWI



Malawi's low-lying terrain makes it highly susceptible to flooding, with heavy rainfall from tropical depressions being the primary cause. These floods disrupt food and water security, energy resources, and the livelihoods of rural communities. With agriculture, predominantly rain-fed and small-scale, contributing 80% of Malawi's GDP, droughts and floods present serious risks, affecting much of the population. The Project Partners propose to enhance the capacity of vulnerable communities to anticipate, manage, and recover from large-scale flooding events by introducing an index-based insurance product. This solution will enable rapid payouts and swift response measures integrated into a comprehensive disaster risk financing framework that links triggers, funding, and digital contingency plans from the national to the community level.

PRODUCT CHARACTERISTICS



Target group

Households, individuals



Target region

Nationwide



Insured asset

Emergency relief measures, multi-purpose cash transfers, a.o. shelter reconstruction and cash transfer



Insured peril / hazard

Flood, extreme rainfall



Insurance type

Meso-level approach
Development of new product



Own contribution

50% of total ISF project costs

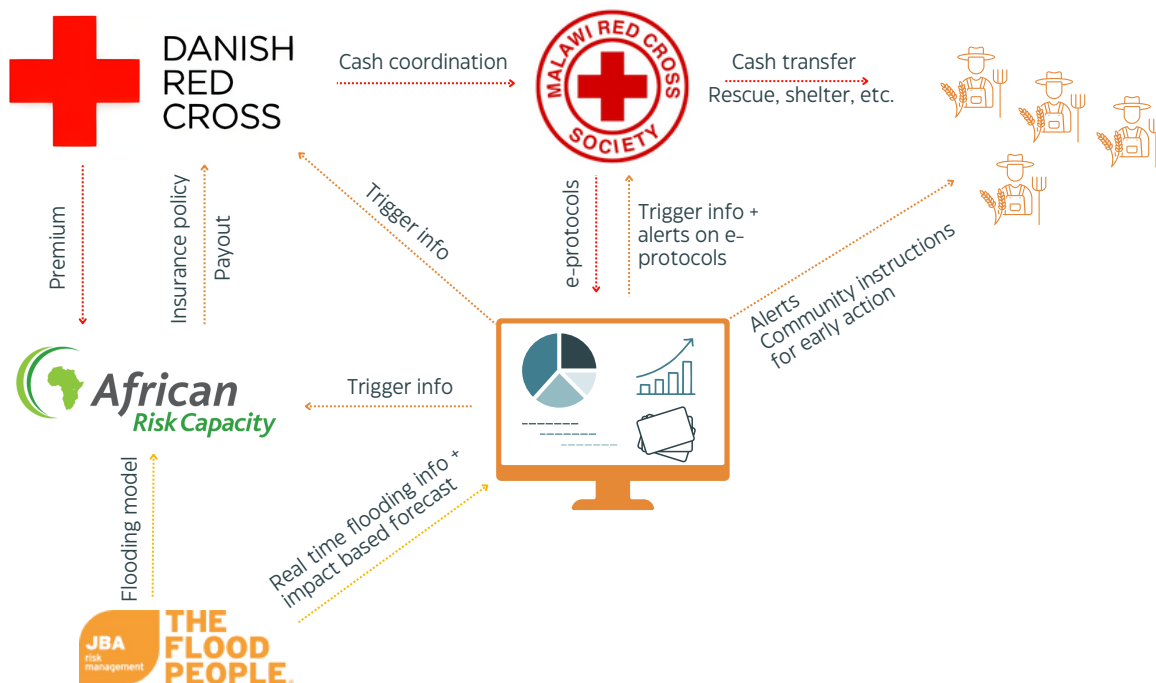


PRODUCT DEVELOPMENT ACTIVITIES SUPPORTED

- Customising, testing and adapting an impact-based global flooding model to Malawi including forecasts and damage assessments.
- Developing the insurance product considering risk mitigating initiatives from early action and the need for a speedy release of payouts for response activities, relevant attachment risk, exhaustion points, expected losses, premium costs etc.
- Strengthening the capacity of MRCS to support communities in anticipating, responding to and recovering from large-scale disasters.
- Improving and digitalising the operational contingency plans of MRCS and communities. All operational plans will be digitalised in electronic contingency plans (e-CPs) and linked to specific triggers in a dashboard.



PROJECT SET UP



EXPECTED IMPACTS

- To increase the capacity of poor and vulnerable communities in Malawi to anticipate, cope with, respond to and recover from large-scale climate-related disasters. This will be done through the introduction of a trigger-based nationwide insurance product as an integral part of a comprehensive disaster risk financing framework linking triggers, funding, and digital contingency plans.



PROJECT PARTNERS

DEMAND

- Danish Red Cross (DRC) / NGO / DK-MW
- Malawi Red Cross Society (MRCS) / NGO / MW

SUPPLY

- African Risk Capacity (ARC) Ltd / Mutual Insurance Company / BM
- JBA Risk Management Ltd / Modelling-Calculation Agent / UK

EXPECTED BENEFICIARIES¹

 **3.8m by 2026**
100% poor and vulnerable

IMPLEMENTATION PERIOD

 **OCT 2024**  **OCT 2026**

GRANT AMOUNT

EUR 456,312