

Breakout group 3: Catastrophe and resilience bonds

How can catastrophe and resilience bonds help to reduce the risks of loss and damage and enhance resilience?

MAIN ISSUES DISCUSSED

- How can resilience bonds learn from catastrophe bonds?
- What countries have made use of resilience bonds? Mexico, US, Caribbean, Turkey, Taiwan, etc.
- What capacity is needed to apply resilience bonds?
- Resilience bonds in the context of “resilient infrastructure”
- Provocative questions: incentive of supporting investment in “risky” areas?
- Is it possible to have micro/global catastrophe bonds?



KEY TAKEAWAY MESSAGE

- Concept of resilience bonds still in its “infancy”
- Capacity building core element: government have to think about why they would like to transfer risks → “**shift of paradigm**” / “**comprehensive approach**” needed
- Need for a country strategy and champions: where do you start? How do you combine public and private assets? What do you want to protect?
- Data and capacity development required to make instrument sustainable (e.g. data gathering, modeling)
- Structure bond in a way that it enhances short-term and long-term resilience and benefits
- Using bonds as a tool to diversify beyond insurance products
- Comparison: paying risk transfer premium vs. paying for the losses
- Support needed to subsidy the initial phase of risk transfer solutions

