

Session 4.3
WCDR

Risk Transfer for Developing Countries A Role for the International Community

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Three Challenges for Risk Transfer in Developing Countries

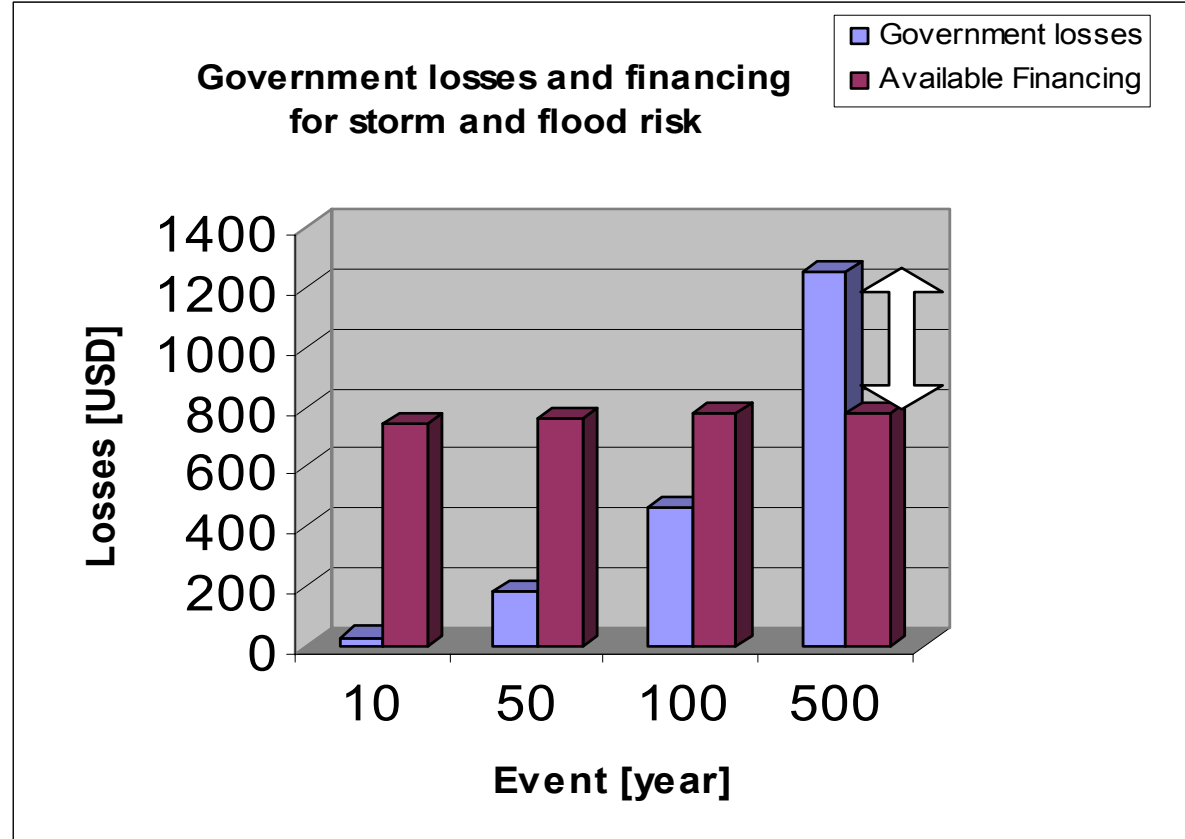
- ◆ Link explicitly to physical loss reduction
- ◆ Assure instruments are least cost alternative
- ◆ Assure instruments are affordable

Link explicitly with loss reduction

- ◆ Micro-insurance: Can give security needed to heed warnings;
- ◆ Public-private partnerships
 - TCIP: incentives for retrofitting
 - NFIP: communities required to take measures

Assure instruments are least-cost alternative

Example
Honduras



Assure instruments are affordable

- ◆ National solidarity
 - Public-private partnerships

- ◆ International solidarity
 - Global-national partnerships

Summary

- ◆ Mitigation first
- ◆ Financial instruments have potential for developing countries, but high associated costs;
- ◆ Need solidarity/partnerships in the national/international community to make risk transfer affordable;
- ◆ High benefits in terms of risk reduction.



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