



Swiss Re partners with Oxfam America and the World Food Programme to insure poor rural communities against climate risks

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Zurich, 10 June 2011 – Swiss Re announced today at the Forum for Agricultural Risk Management conference that it is joining Oxfam America and the World Food Programme (WFP) as a Founding Sponsor of the R4 initiative and exclusive re-/insurance sector member of the Strategic Advisory Board. This is a ground-breaking new initiative to help poor rural communities protect their crops and livelihoods from the impact of climate change. Under the agreement, Swiss Re is committing USD 1.25 million to the project over five years in Ethiopia and three other countries.

The rural resilience initiative R4 addresses the needs of smallholder farmers facing climate change shocks by promoting a robust adaptation framework that integrates physical disaster risk reduction and affordable risk transfer solutions. The project offers insurance-for-work activities intended to reduce farmers' vulnerability to droughts. It operates in conjunction with the Ethiopian government's existing social safety net programme to make insurance more affordable for the rural smallholders it serves.

"Insurance is an important component of an effective local climate adaptation strategy," says Thomas Wellauer, Swiss Re's Chief Operating Officer. "It not only protects the livelihoods of poor households when harvests fail, but also facilitates farmers' access to credit and risk transfer solutions."

R4 is based around the idea of managing four risks - community risk reduction, productive risk taking, risk transfer and risk reserves. As the only commercial re-/insurance company on the R4 Strategic Advisory Board, Swiss Re will lead the design and implementation of innovative risk transfer solutions.

The R4 initiative builds on the success of the Horn of Africa Risk Transfer for Adaptation (HARITA) project in Ethiopia, where Swiss Re has been working with Oxfam America and others since 2008 to provide weather insurance to poor farmers through an innovative

scheme. Within two years, the project increased the number of households taking out insurance policies from 200 to over 1,300.

“The HARITA project has demonstrated how innovative public private partnerships between the non-profit, private and government sectors can help provide holistic risk management and protection to the most vulnerable families,” says Raymond C. Offenheiser, president of Oxfam America. “The R4 initiative will scale up this successful model and replicate it in other countries.”

The R4 partnership combines the HARITA model with WFP’s global food-and-cash-for-work programmes to make risk reduction insurance products available to the poorest members of a community. Under the terms of R4, farmers have the option to take out weather-indexed insurance and pay for their premiums with their labour instead of cash. Participants will work on irrigation and forestry projects intended to reduce the impact of climate change for their villages.

“Making vulnerable communities more resilient to shocks and more food secure is a central objective of WFP in its global fight against hunger and malnutrition,” says WFP Climate Change Coordinator, Carlo Scaramella. “Through R4, WFP’s proven food and cash-for-work programmes will help poor people seize new opportunities to diversify and enhance their income and food security. Insurance can help the most vulnerable better manage risks.”

Starting November 2011, the R4 project will begin to operate in Ethiopia and expand into three other countries for an initial period of five years. Oxfam and the WFP have set a goal to raise a total of USD 28million for the programme.

Swiss Re Ltd

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Swiss Reinsurance Company Ltd

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