

# Climate Change and The Poor

## EE461 - Lecture 11

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# Overview

- ▶ Some predictions
- ▶ Climate change as an obstacle to poverty eradication
- ▶ What can be done?

# Some predictions

## By 2030, effects of climate change on agriculture key to driving people into poverty

Number of people in extreme poverty, in millions

### Prosperity scenario\*

Without climate change

142

With high-impact climate change

158

### Poverty scenario\*

Without climate change

900

With high-impact climate change

1,026

126 million more people will be affected with a high-impact climate change. These are the main causes



\*Scenarios developed based on different social and economic policies

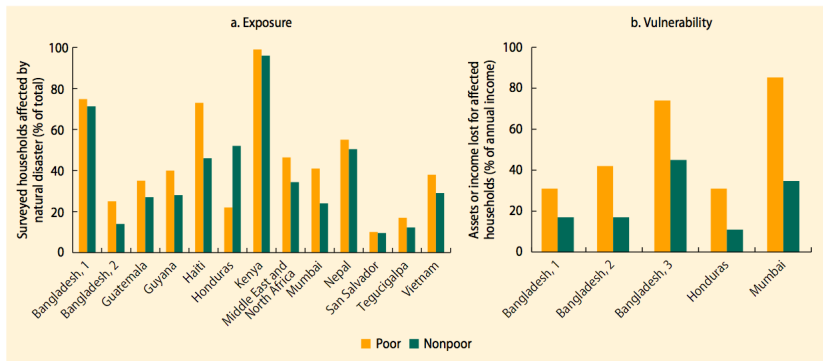
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SOURCES: WORLD BANK; ROZENBERG AND HALLEGATTE

# Climate change: obstacle to sustained eradication of poverty

- ▶ Climate is involved in most of the shocks that keep or bring household into poverty
  - ▶ Natural disasters: floods cause asset loss and disability
  - ▶ Crop losses and food price shocks: due to drought or crop disease
  - ▶ Health shocks: malaria >> health expenditures and lost labor income
- ▶ Natural hazards, to which poor people are often more exposed and almost always more vulnerable, will become more intense and frequent in many regions
- ▶ Poor people are more vulnerable to spikes in food prices and more dependent on agricultural and ecosystem-related income

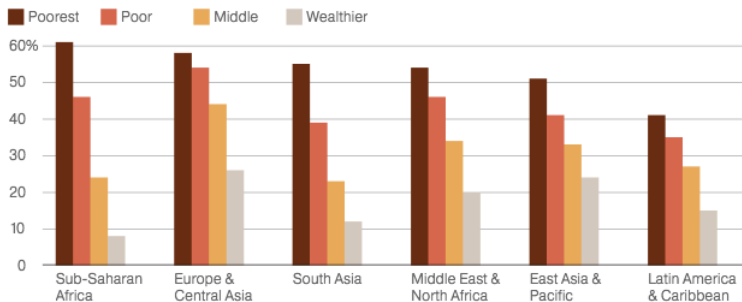
# Natural disasters likely hit most to the poor



# Higher food prices will affect most to the poor

## Poor households spend more of their budget on food

Percent of household budget spent on food



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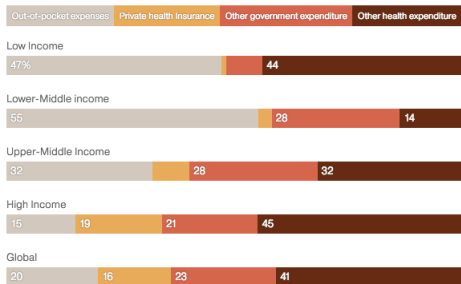
SOURCE: WORLD BANK

# Climate change on health expenditures

- ▶ Disease expected to rise due to the higher temperature.
- ▶ The poor usually pay more out of pocket healthcare will likely be the most affected.

## In poor countries, half of all health expenditures are paid out-of-pocket

Percent total share of health care expenditure between different income levels in 2011



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SOURCE: WORLD BANK

# What can be done?

- ▶ Climate-informed development needs to be complemented with targeted adaptation interventions and a more robust safety net system
  - ▶ Climate information ready for people to know ahead, if possible, to plan for their economic activities
  - ▶ Climate-smart agriculture and protected ecosystems
  - ▶ Land use regulations and more infrastructure for natural hazards
  - ▶ Better health infrastructure and universal health care
  - ▶ Social safety nets and financial tools

# Poorer households need different types of solutions

