



Good economics for warmer times Evidence for Effective and Equitable Climate Action

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A new urgency on climate change?



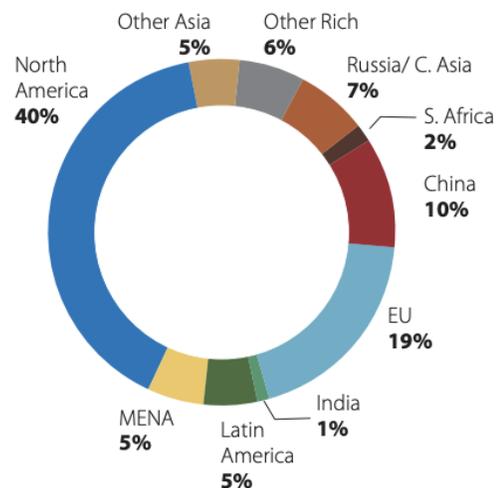
1. The emissions responsible for climate change are mainly due to the behavior of rich country citizen



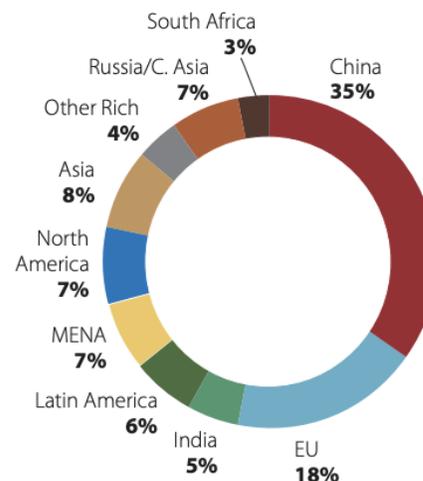
The 10-50 rule: 10% of the highest polluter are responsible for almost 50% of global emission.

FIGURE 7. REGIONAL COMPOSITION OF TOP 10, MIDDLE 40 AND BOTTOM 50% EMITTER GROUPS

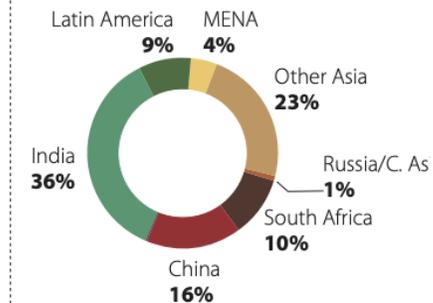
**Top 10% emitters:
45% of world emissions**



**Middle 40% emitters:
42% of world emissions**



**Bottom 50% emitters:
13% of world emissions**

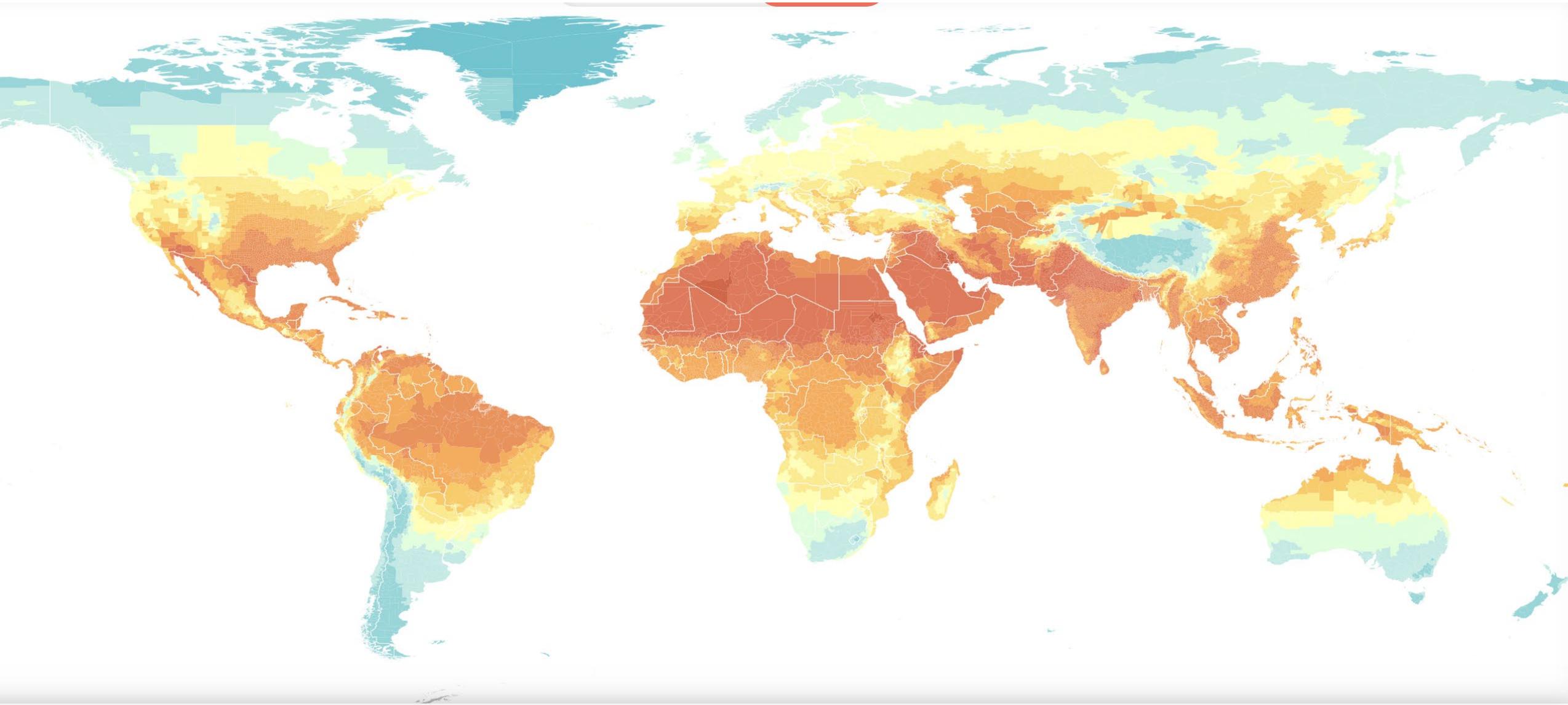


Source: authors. Key: Among the top 10% global emitters, 40% of CO₂e emissions are due to US citizens, 20% to the EU and 10% from China.

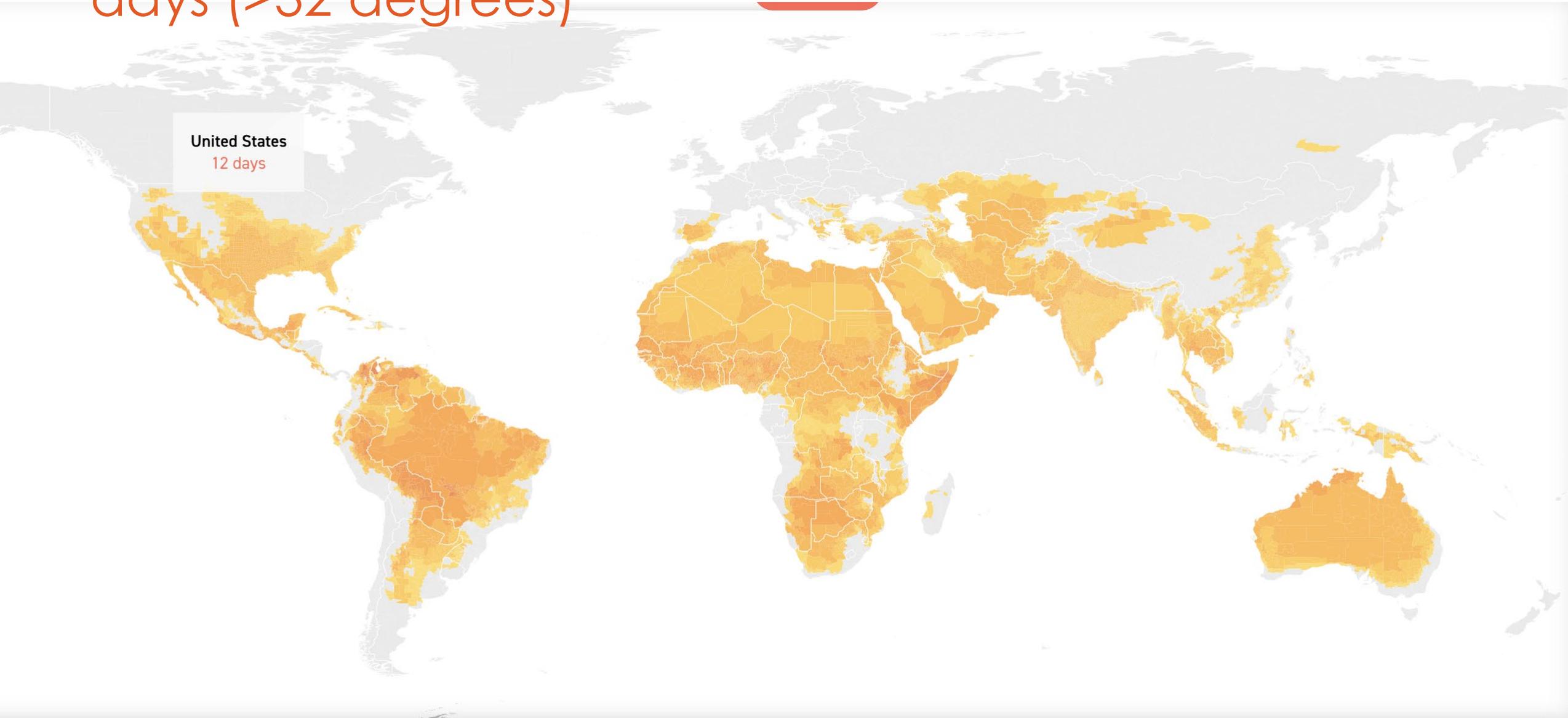
2. The Costs of Climate change are going to be felt in the poorer part of the world



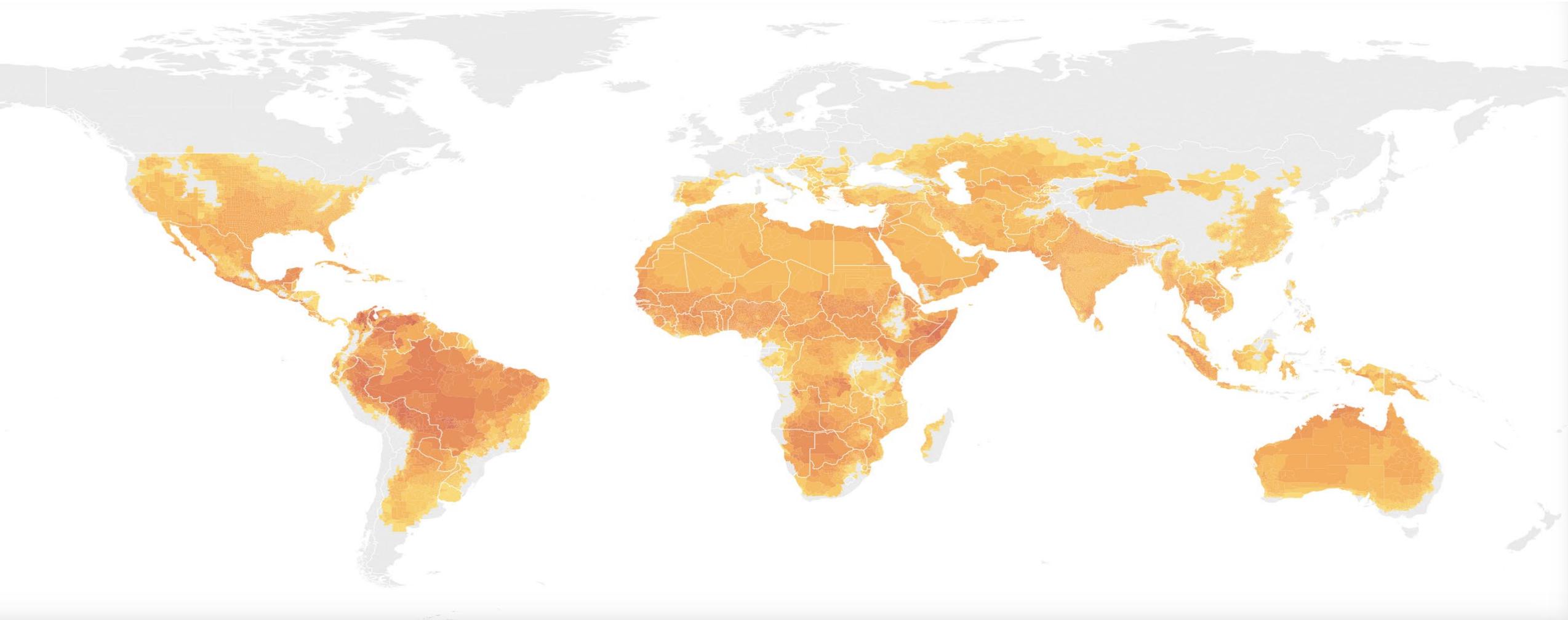
Poorer countries tend to be in warmer places



In the next 20 years they will add many more very hot days (>32 degrees)

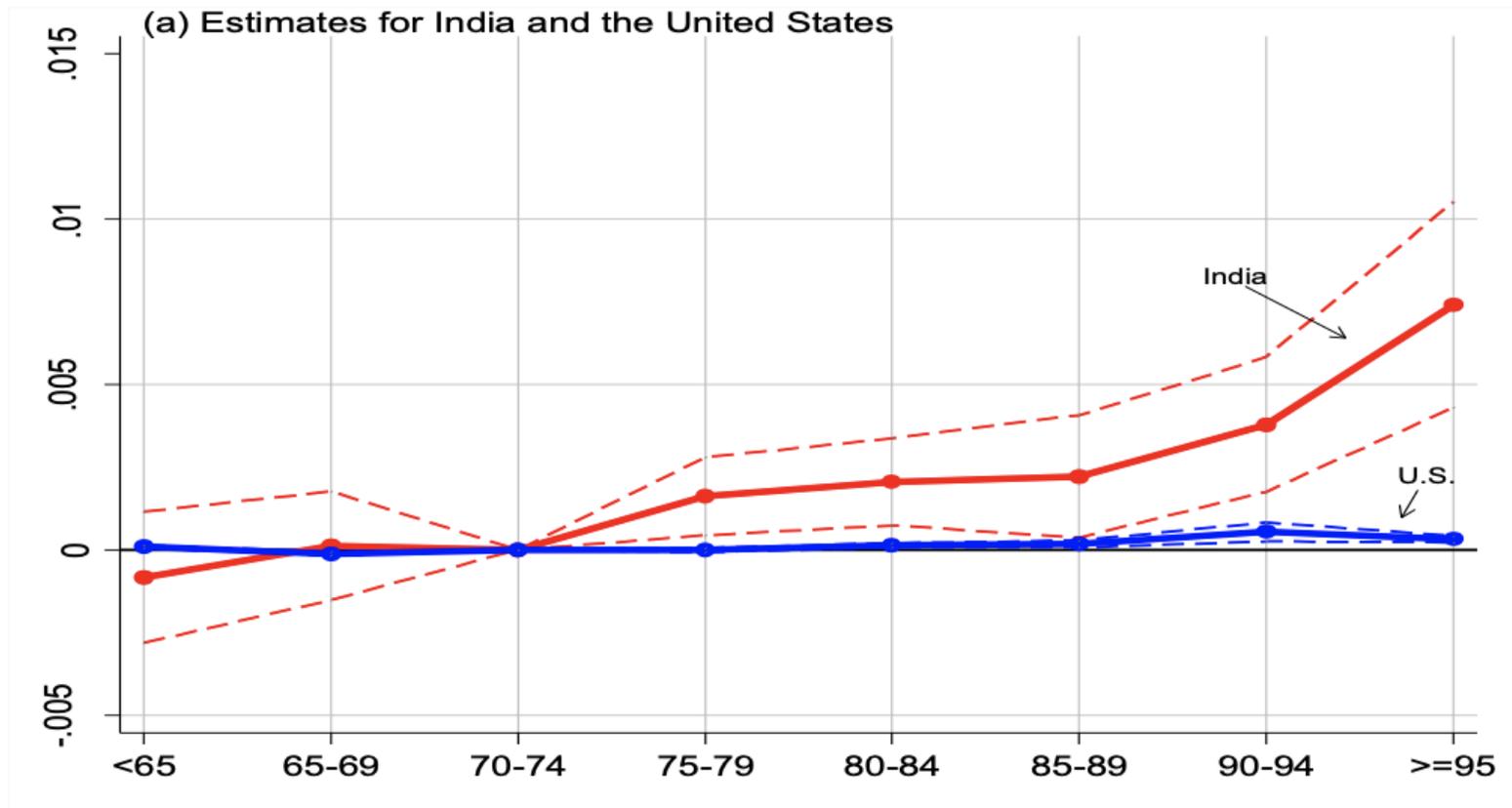


And even more so by 2050

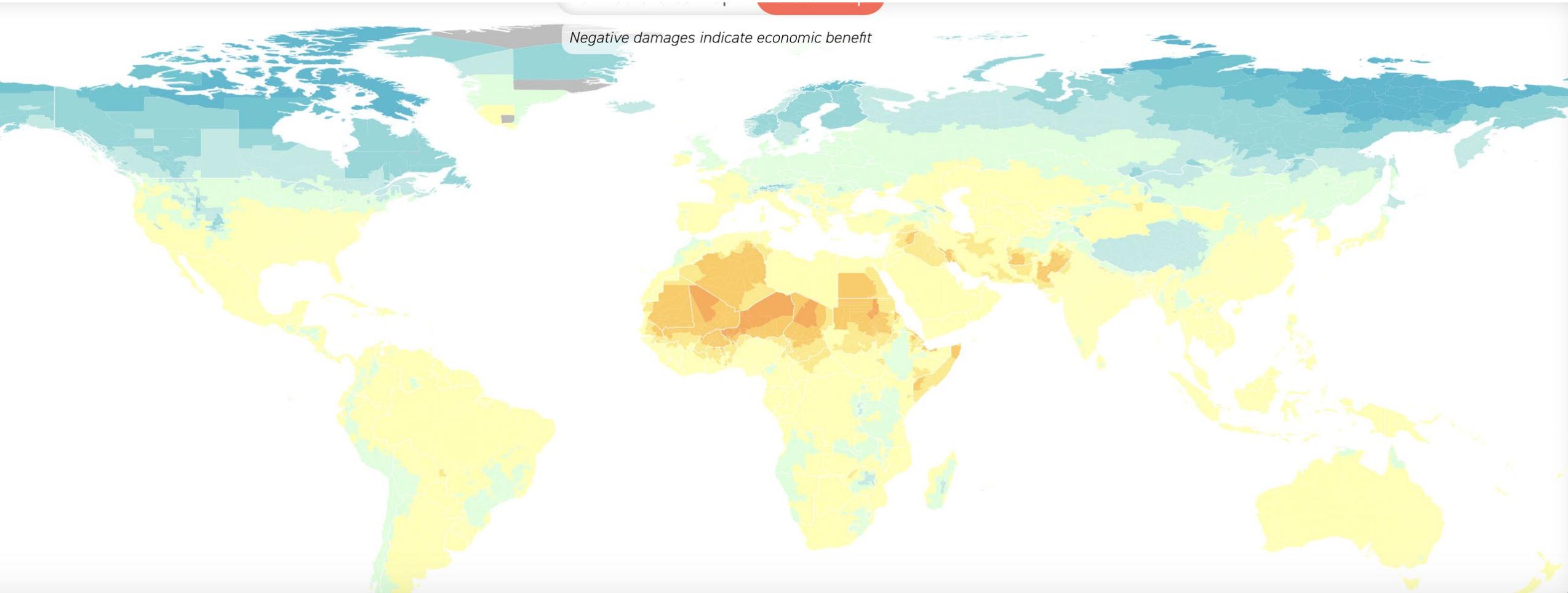


The cost of a given hot day is larger in poor countries

Figure 1: Impact of Daily Temperature on Log All-Age Mortality Rates in India and the United States.

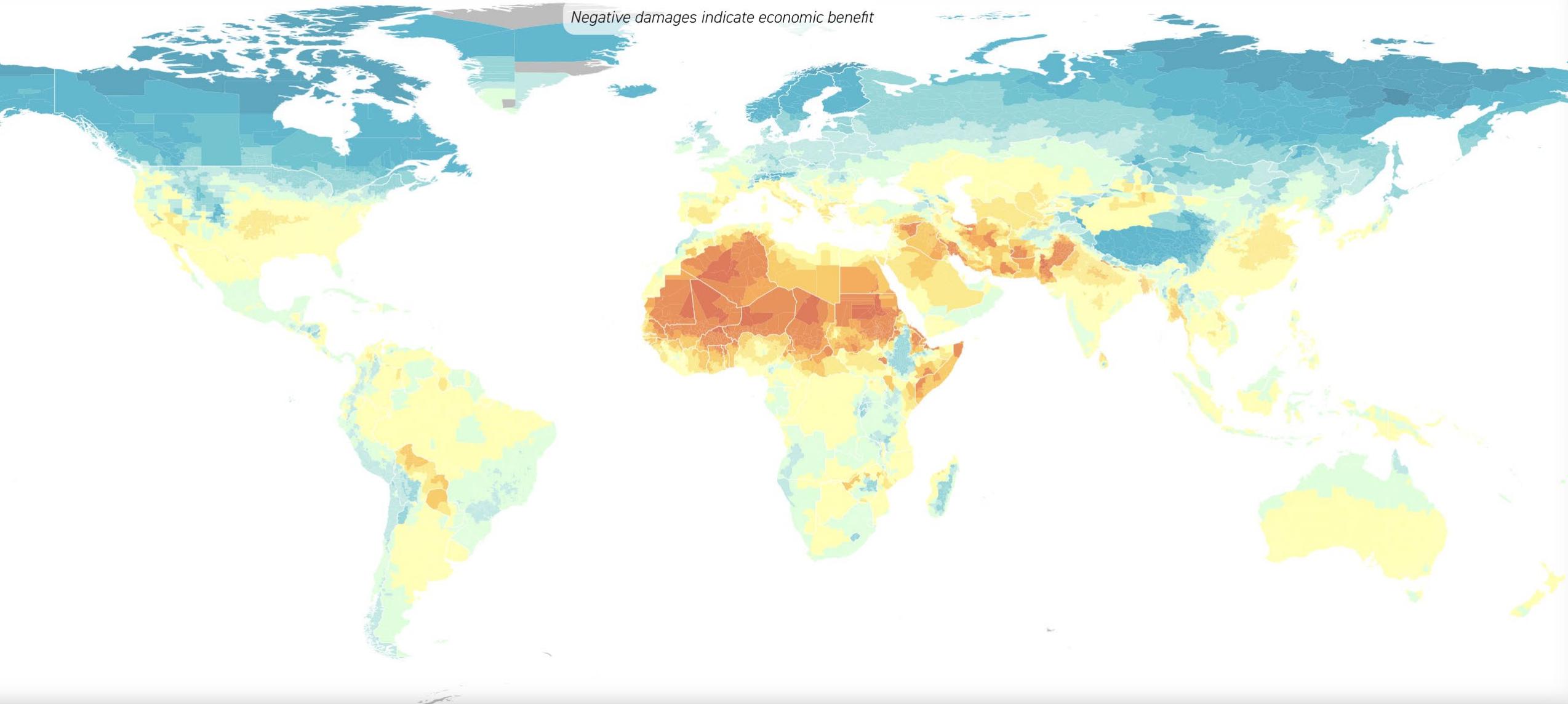


Mortality costs, next 20 years



Mortality costs, by mid-century

Negative damages indicate economic benefit



3. We need to act NOW to prevent climate change



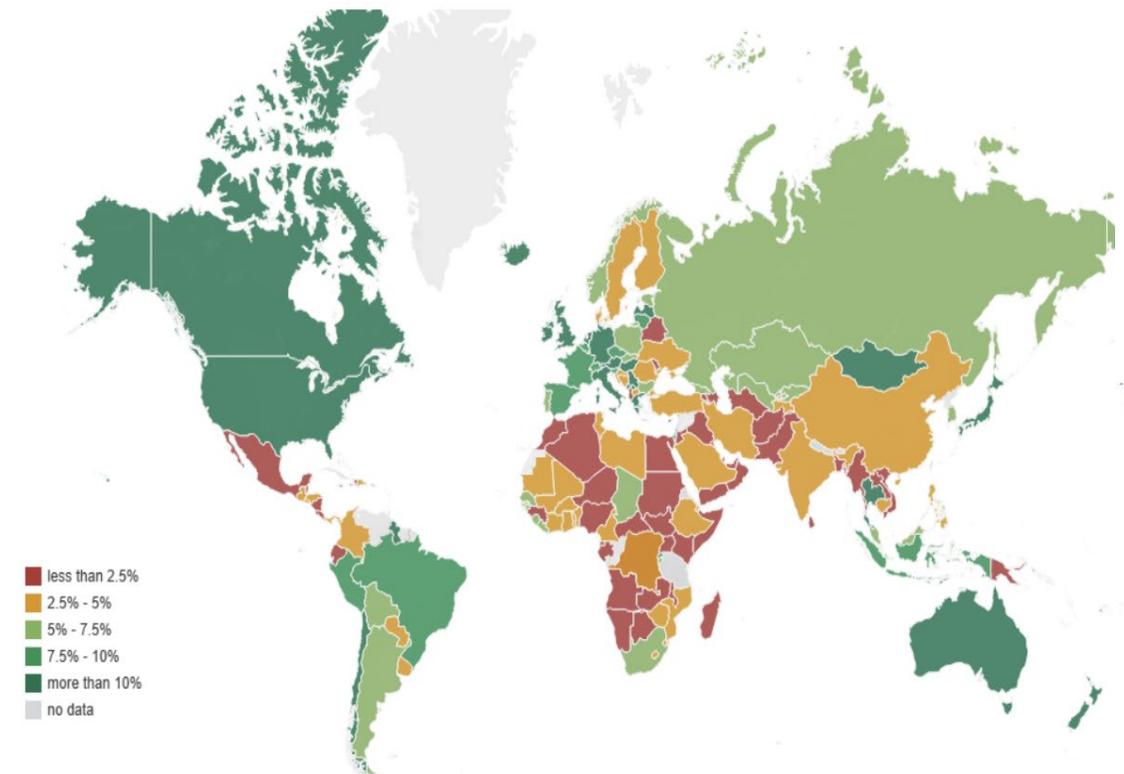
**Confronted with a crisis, Rich
countries will put their citizen first,
even in irrational ways**

Underwhelming reactions to the COVID-19 crisis

Additional Spending and Forgone Revenue in Response to the COVID-19 Pandemic

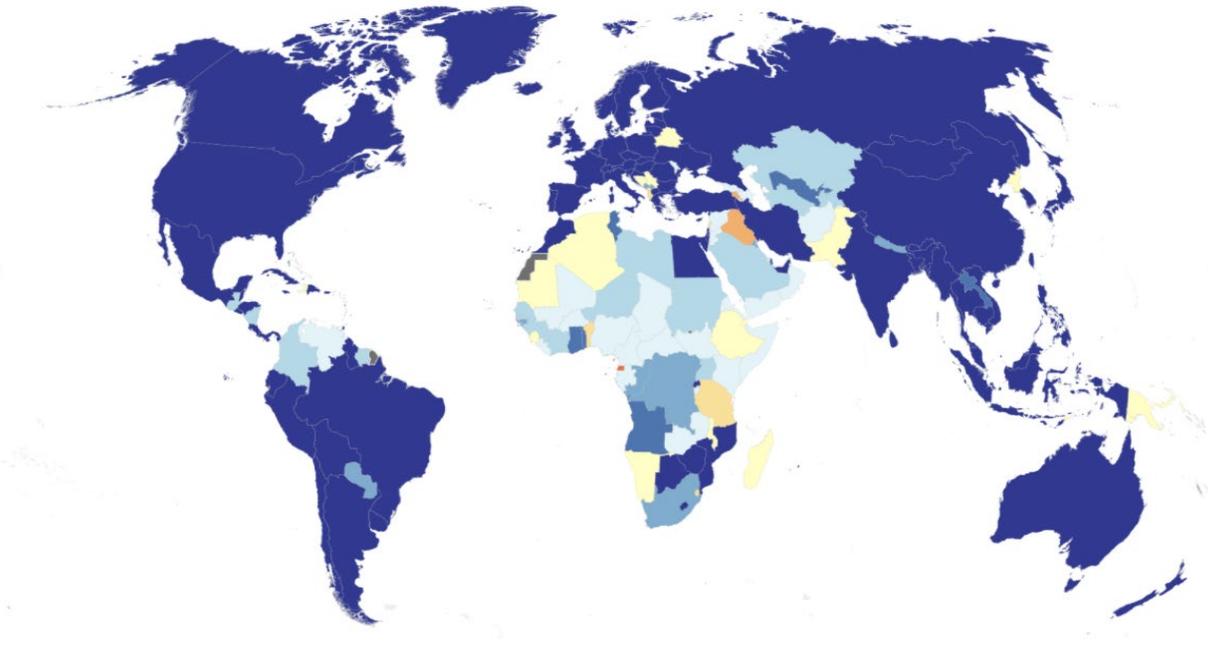
(Percent of 2020 GDP)

Budgetary fiscal support to people and firms has varied widely across countries.



IMF-WHO vaccine supply tracker

Secured Vaccines and/or Expected Vaccine Supply (% of Total Population)



**We need to break the
malediction of inaction**

1. We must meet climate finance commitments to LMICs

- **Climate Change Commitments**

- Less than 10% of climate finance goes towards climate change adaptation ([CPI, 2021](#))
- 2009 COP in Copenhagen promise of 100 billion USD annually from developed countries not met, not renewed in Glasgow
- Funds are needed for **adaption** and **mitigation**

2. We cannot rely on technological change alone

- Large reliance in technological solutions in climate discussions
- Impact of purely technological solutions is often disappointing in real life
 - Weatherization of homes ([Fowlie et al.](#), 2018)
 - Energy consulting in India ([Ryan](#), 2018)

Behavior and policy changes are important and possible too!

- Better regulatory enforcement reduced industrial pollution ([Duflo et al.](#))
- Payments for ecosystem services reduced deforestation ([Jayachandran et al.](#))

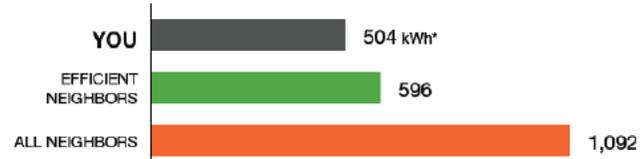
3. We cannot rely on ESG funds alone

- Much hope put on climate finance
- No guarantee this will lead to real reduction in emissions
- Ultimately often poor monitoring of impact of funds used for offsets

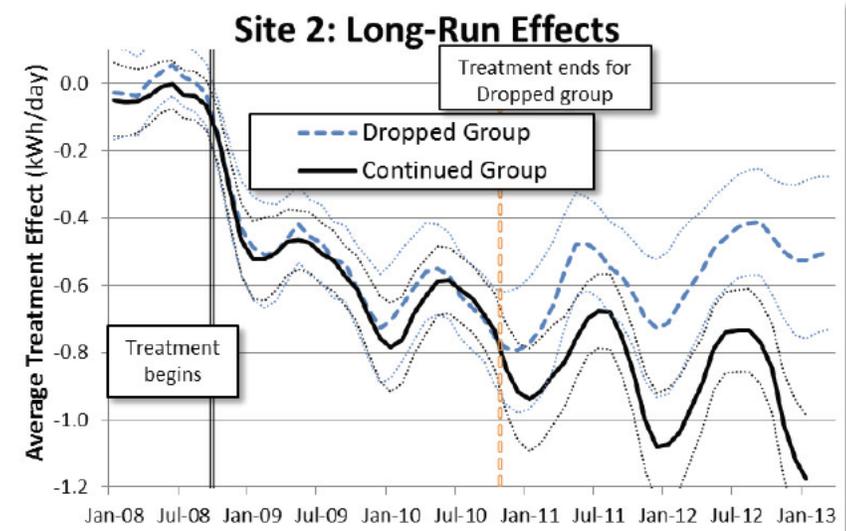
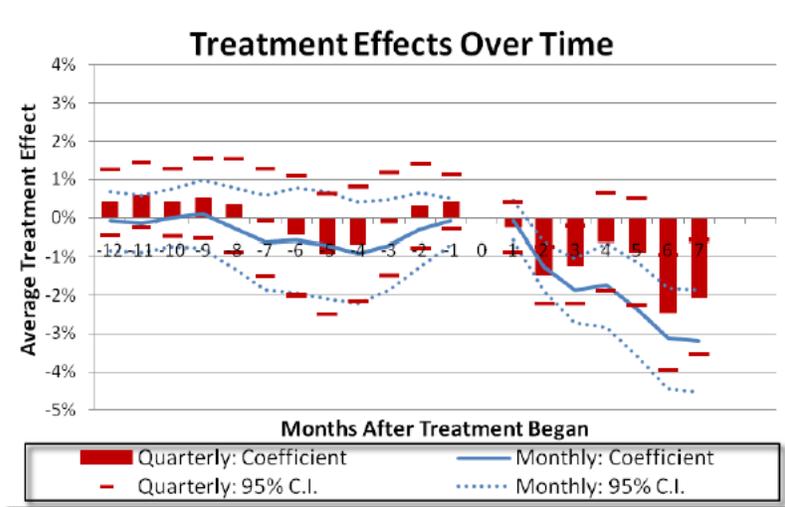
Changing preferences is possible

- While we over-estimate the miracles of technology, we underestimate the capacity of the human being for change.
- Our preferences are not set at birth, and unmutable. They are the product of the social environment, and also affected by habits

Last Month Neighborhood Comparison | Last month you used **15% LESS** electricity than your efficient neighbors.



*kWh: A 100-Watt bulb burning for 10 hours uses 1 kilowatt-hour.



Short and long run effects of o-power experiments

4. We cannot tackle climate change without tackling redistribution and trust in government





L'ARGENT DE
L'ÉCOLOGIE EST
DANS LES PARADIS
FISCAUX
PAS DANS LA POCHE
DES PROLOS!
CITOYEN EN COLÈRE
CITOYEN SOLIDAIRE



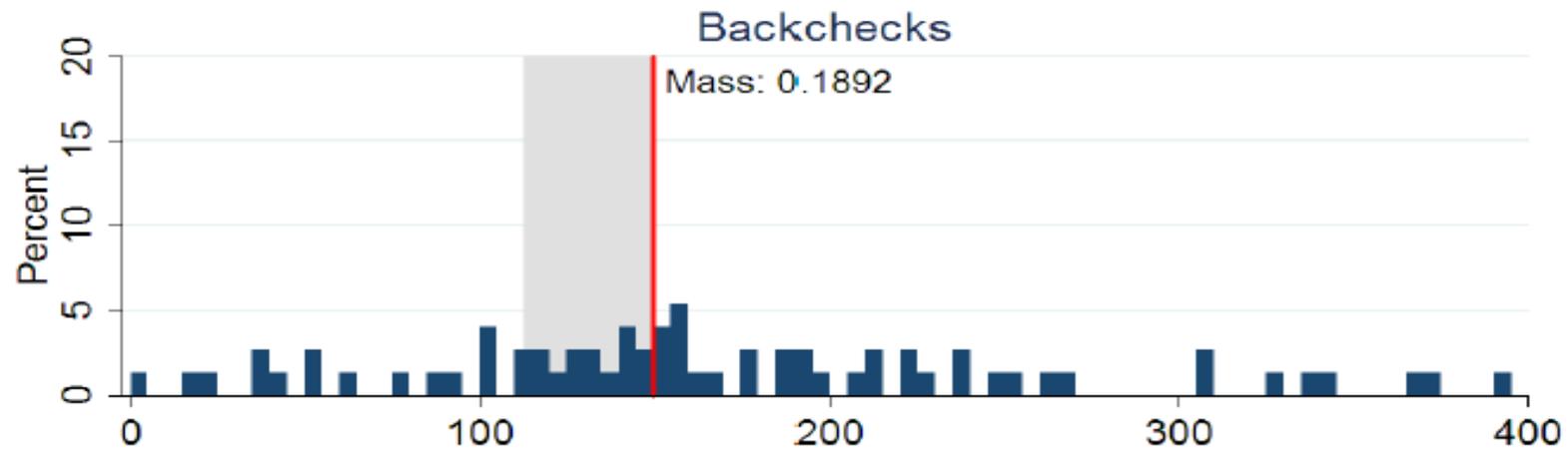
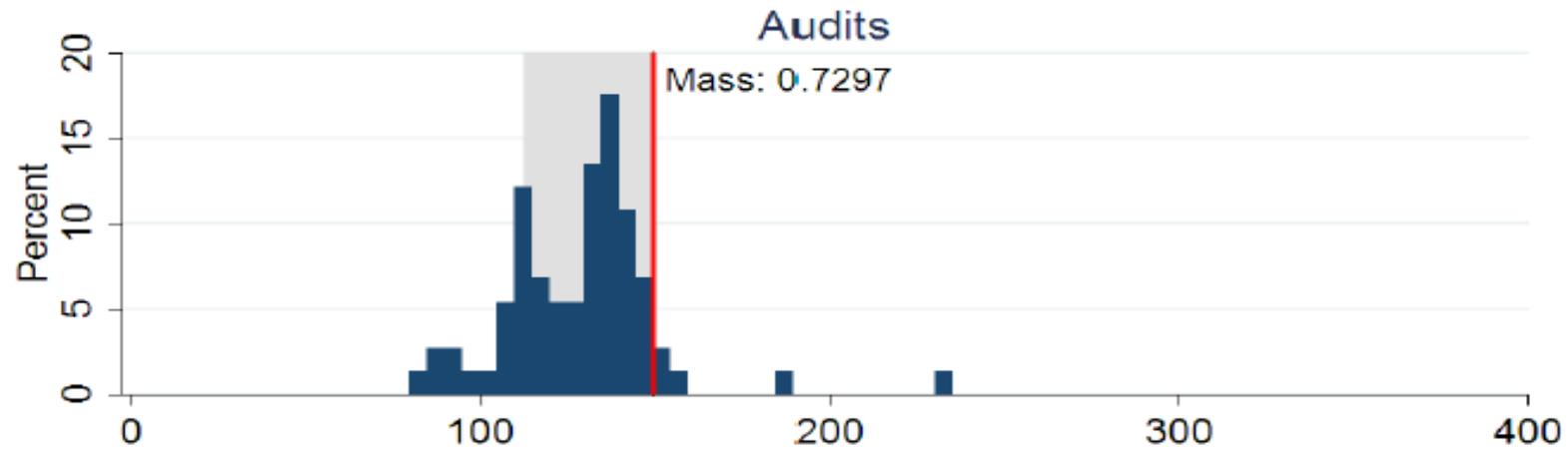
Punjab govt's move to stop free power to farmers 'midsummer madness': Sukhbir

Shiromani Akali Dal core committee to meet in Chandigarh on May 30 to consider party's strategy on Congress govt's decision to replace it with direct benefit transfer of subsidy

Regulations must be enforced

Suspended particulate matter, mg/Nm³

A. Control, midline



Development organizations can and should

generate and use evidence

to reduce poverty and emissions more effectively

Generating and using evidence in policy is crucial for finding solutions that are effective and equitable



Invest in randomized evaluations as a tool for innovation and learning and use existing evidence to inform decision-making



Leverage data for climate action and reduce barriers to access to incorporate insights into decision-making



Launch an evidence to policy unit or fund to pilot and test innovation in real-world; scale those that are effective

Examples: USAID [DIV](#), AFD [FID](#)

DIV's ROI is [17 to 1](#)



Mainstream evaluation in the project life cycle through earmarking funding, personnel, and partnerships for evaluation at the design stage

