

Direct Financial Impact on the Poorest

The poorest may own few physical assets, but what they do have is often highly exposed. People living in low-income communities tend to live in more hazardous locations, have fewer savings, and lack insurance protection compared to those in higher income communities. In Katmandu, Nepal, almost 25 percent of houses in rapidly growing squatter settlements are located on steep slopes along the banks of three rivers. They regularly fall victim to flooding during the monsoon season. Storm water drains and sewage networks operate at only 40 percent of their capacity, the result of blockages from accumulated debris and solid waste. Thus, in addition to physical damage, residents are also susceptible to water-borne diseases (Baker 2012).

Finally, while in absolute terms the damage to poor households may be small following a disaster, they are often the most devastating relative to income. Subsistence farmers can be hit particularly hard with the destruction of crops or death of livestock often resulting in the complete loss of livelihoods.