



Does drought affect smallholder health expenditures? Evidence from Fars Province, Iran

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Abstract

Drought is one of the most frequently occurring natural disasters and results in long-term social, economic and environmental impacts that affect large areas and populations. Over the past decade, Iran has experienced a very severe drought that has affected millions of people. In this paper, we employ a standard consumption regression model to perform a microlevel analysis of the effects of drought on small-farm household health expenditures in rural Iran. We surveyed a sample of 300 small-farm households in the Marvdasht County in Fars Province, Iran. The results showed that drought significantly negatively affects smallholder health spending. Farm households that are affected by severe drought decrease their health expenditures more than less-affected households. Further, for drought-affected farmers, health expenditures are a necessity, as the income elasticity of health expenditures is as low as 0.15. Our findings indicate the importance of designing and implementing a health policy that includes the provision of healthcare services in drought-affected villages by the government, which plays an important role in coping with the health effects of drought.

Keywords Drought · Health expenditures · Income elasticity · Policy · Iran