



REPOBLIKAN'I MADAGASIKARA

FITIAVANA - TANINDRAZANA - FANDROSOANA

MINISTÈRE DES FINANCES
ET DU BUDGET



2017 CABRI CONFERENCE MANAGING BUDGETARY PRESSURES

MADAGASCAR'S EXPERIENCE
“Natural Disaster Cases”

CONTEXT AND SITUATION

- 👉 Madagascar: country very exposed to natural disaster risks:
 - Drought
 - Cyclones...

- 👉 Each year, over 60% of cyclones in the Indian Ocean reach Madagascar;

- 👉 Each year, 3 to 4 tropical cyclones sweep across the island;

- 👉 Cyclone season: mid-November to April.

ECONOMIC IMPACTS : CASE OF THE 2007-2008 CYCLONE SEASON

World Bank et al. 2008

Passage of 3 consecutive cyclones (Fame, Ivan and Jokwe) affecting 17 out of the 22 regions

- Total damage and losses amounted to about USD 333 million, including:
 - ✓ Farming, Livestock and Fisheries sector (USD 103 million)
 - ✓ Housing and Public Administration sector (USD 127.6 million)
 - ✓ Transport sector (USD 45.7 million)

- Impact estimated to be about 4% of GDP;

- 0.3% drop in real GDP growth in 2008;

- 38% drop in balance of payments account, because of lower agricultural exports, increased goods imports and lower tourism revenue;

- The global budget deficit increased from 4.9% to 5.0% of the GDP in 2008.

RESPONSE OPTIONS AND IMPLICATIONS

- **Failure to include disaster risk in budgeting (weak resources);**
- **Budget reallocations;**
- **Financial support from donors [WB (World Bank), UNISDR (United Nations Office for Disaster Risk Reduction), IOC (Indian Ocean Commission)...].**
 - Setting up models allowing assessment of disaster impact and incorporate them into budget programming
 - Finalizing risk profiles

PERSPECTIVES AND FUTURE ACTIONS

➔ **Implementation of a financial risk transfer mechanism for natural disasters**

➤ Contingency fund

➤ Immediate Response Mechanism (IRM)

➤ Insurance against disaster risks (African Risk Capacity or ARC)



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**Thank you for
your attention**



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