Financial Cost of Natural Hazards

Myanmar’s economic and social vulnerability to disasters is the highest in the ASEAN region. The annual expected loss due to natural hazards as a percentage of GDP in Myanmar is 0.9 percent, compared to 0.8 percent (the Philippines and Vietnam) and 0.7 percent (Lao People’s Democratic Republic and Cambodia) for the next four most vulnerable countries. Rural vulnerability is a particular concern in Myanmar since around 70 percent of the country’s 51 million people reside in rural areas, and the subsistence agriculture they depend on for their livelihoods is increasingly subject to natural hazards such as floods and drought.

Over the past 25 years, Myanmar has suffered 24 major disaster events - earthquakes, floods, and storms - affecting more than 4 million people and causing US$4.7 billion in damages, with the devastating Cyclone Nargis alone leading to the death of over 138,000 people in 2008.

Disasters drain government resources: the country on average experiences losses equivalent to 0.9 percent of GDP due to natural disasters every year, with a fiscal burden arising as a consequence of natural disasters is estimated to be 2.5 percent of annual government expenditure, which is the greatest in the ASEAN region.

As example, the Ministry of Construction estimated that the government spends US$10–20 million on road rehabilitation after floods and landslides every year. Of total annual economic losses from natural disasters, on average 89 percent are attributed to storms and 11 percent to earthquakes.

Myanmar could face annual average costs for emergency response of US$9 million, and there is a 3.3 percent probability (corresponding to a 1-in-30-year event) that the annual cost of emergency response could exceed US$56 million.

Risk Index INFORM

Since 2019, the Government of Myanmar has adopted the INFORM Risk Methodology and Index

UNOCHA led the development of the Myanmar sub-national INFORM Index working with multiple stakeholders who validated the index at a workshop in Nay Pyi Taw on 9 October 2018.

The INFORM model presented at township level (Adm 3) is being used to support the planning for Myanmar Government, development, peace and humanitarian actors. It is currently used for the Myanmar Humanitarian Programme Cycle and coordinated preparedness actions, managing risk and building resilience across the country.

Disclaimer

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