

# THE ECONOMIC IMPACT OF NATURAL DISASTERS IN DEVELOPING COUNTRIES

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## **Abstract**

# **The Economic Impact of Natural Disasters in Developing Countries**

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Natural disasters have potentially large economic impacts on developing countries. In this thesis the Philippines, Bangladesh, India, Sri Lanka, Vietnam on the side of the developing nations and Japan as counterpart of the developed nations were studied for the purpose of identifying a relation between economic development and natural disasters. The impact that disasters have had on economic development was analyzed in this thesis over the past period from 1970 to 2012. The development indicator, gross domestic product (GDP), was measured over the forty-two years study period and analyzed with respect to correlation with natural disasters.

Logistic regression analysis was used in a further step to investigate the relationship between natural disasters and economic growth for the period from 2013 to 2050. It is hypothesized that the number and damage caused by natural disasters increase drastically and that developing countries will face a large negative impact on economic development measured by GDP. As the quantity of disasters experienced in any given year increases the overall disruption of the



economy is predicted to be greater, thus leading to higher levels of future economic damages.