Global Disaster Preparedness Center

EXECUTIVE SUMMARY

Comparing the Effectiveness of Different Financial Mechanisms in Women's Disaster Resilience in The Coastal City of Mahajanga, Madagascar

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Executive Summary

This study examines how different financial mechanisms help women build resilience to climate-related disasters in Mahajanga, a rapidly growing coastal city in Madagascar that faces increasing risks from cyclones, flooding, drought, and extreme heat. Based on surveys of 810 economically active women across 27 neighborhoods, the research assesses both socioeconomic vulnerability and the effectiveness of formal and informal financial tools in helping women prepare for and recover from climate shocks.

The findings highlight significant disparities in vulnerability across the city. The most vulnerable neighborhoods are concentrated in low-lying and flood-prone areas, particularly those near the Metzinger Valley and coastal zones where rapid urbanization, informal settlements, inadequate infrastructure, and environmental degradation have increased exposure to climate hazards. Women in these areas often face multiple overlapping challenges, including poverty, insecure housing, limited access to water and sanitation, and dependence on climate-sensitive livelihoods such as small-scale agriculture and informal commerce.

Climate impacts are already affecting household incomes. Most respondents reported experiencing regular losses from cyclones and droughts, and a large majority of self-employed women indicated that their income declines significantly during and after major weather events. In response, women rely heavily on savings and borrowing strategies to manage financial shocks, demonstrating the critical role of access to financial resources in household resilience.

A key finding is that informal financial mechanisms outperform formal financial institutions in supporting women's resilience. Community-based savings groups, informal lending arrangements, and other socially embedded financial networks were rated highest across measures of accessibility, affordability, usability, and overall impact on livelihoods. Women consistently reported that these mechanisms are easier to access, more responsive to urgent needs, and better aligned with local economic realities than banks or other formal financial services.

Formal financial institutions, while available, were often viewed as expensive, difficult to access, and poorly suited to the needs of lower-income women. Many respondents cited fees, interest rates, and administrative requirements as barriers to participation. Digital financial services showed promise in terms of accessibility but were generally perceived as having limited impact on long-term livelihood improvement when compared with informal savings and credit systems.

The study concludes that women's financial resilience in Mahajanga depends less on formal financial inclusion alone and more on trusted, community-based systems that have evolved to meet local needs. While informal mechanisms provide valuable support, they also carry risks related to governance, accountability, and financial security. The research recommends that policymakers and development organizations recognize and strengthen these existing systems through targeted support, appropriate regulation, and the co-design of financial products tailored

to women's circumstances. Combining stronger community financial networks with improved climate adaptation planning could significantly enhance resilience among some of the city's most vulnerable residents.