**Abstract**

This study investigates the impact of natural disaster on government debt for different disaster types. It includes 163 countries for the period from 1971 to 2014. We apply a panel synthetic control methodology to estimate the impact of natural disasters on government debt. Our findings generally reveal a considerable increase of government debt in the aftermath of a natural disaster, except for droughts. Earthquakes, on average, lead to an increase in government debt of 30.2% of GDP. Floods increase government debt by 7.7% of GDP, while storms increase the level of government debt by 9.5% of GDP compared to the synthetic control group. This study shows that the manner of identifying disaster matters for the estimated disaster impact. Natural disasters are a considerable contingent liability for governments. The effect of natural disasters is even larger than the fiscal costs of financial sector bailouts during the financial crisis.