



**UNITED NATIONS**



**HIGH LEVEL PANEL ON THE DEVELOPMENT OF A  
MULTIDIMENSIONAL VULNERABILITY INDEX**

**INTERIM REPORT**

**August 2022**

## TABLE OF CONTENT

<b>TABLE OF CONTENT</b> .....	2
<b>PART ONE - INTRODUCTION AND BACKGROUND</b> .....	3
<b>1. Introduction</b> .....	3
<b>2. A call for more systematic consideration of vulnerabilities</b> .....	3
<b>3. History of the Multi-dimensional Vulnerability Index</b> .....	4
<b>4. The Need for an MVI</b> .....	5
<i>a. Access to Development Finance</i> .....	6
<i>b. Recognition of the MVI in UN System Institutional Arrangements</i> .....	7
<b>5. The United Nations High-level Panel on the MVI</b> .....	7
<b>6. Challenges faced by the High-level Panel</b> .....	8
<b>PART TWO - THE MVI FRAMEWORK</b> .....	10
<b>1. The key definitions: Understanding the MVI Concepts</b> .....	10
<i>a. Vulnerability</i> .....	10
<i>b. Resilience</i> .....	11
<b>2. Disentangling structural from nonstructural factors of vulnerability and resilience: Why is this important?</b> .....	11
<b>3. The Structural Vulnerability Components of the MVI</b> .....	13
<i>a. Economic vulnerability</i> .....	13
<i>b. Environmental vulnerability</i> .....	14
<i>c. Social Vulnerability</i> .....	14
<b>4. The Structural Resilience Component of the MVI</b> .....	14
<i>a. Introduction</i> .....	14
<i>b. The dimensions of resilience</i> .....	15
<b>5. The MVI framework</b> .....	15
<i>a. The structure of the MVI</i> .....	16
<i>b. Vulnerability / resilience Country Profiles</i> .....	19
<b>6. Possible Use of the MVI</b> .....	20
<b>PART THREE - GENERAL REMARKS</b> .....	23

## PART ONE - INTRODUCTION AND BACKGROUND

### 1. Introduction

1. This interim report provides a summary of the deliberations undertaken to date by the UN High-level Panel and their initial recommendations for the development of a Multidimensional Vulnerability Index (MVI). The report is submitted in compliance with the requirement set out in the Panel's Terms of Reference (TORs). Member States, International Financial Institutions (IFI), multilateral development banks (MDB) and other relevant stakeholders are invited to review and provide their views and comments on the interim report to help further develop and refine the Panel's final report.

2. This report has three Parts. Part I provides relevant background information and the rationale for the MVI. Part II provides information on technical considerations and the structure of MVI framework and Part III contains some general remarks, including next steps.

### 2. A call for more systematic consideration of vulnerabilities

3. This Panel's work stems largely from more than three decades of advocacy from small island developing States (SIDS), on the need for the international community, including IFIs and MDBs, to better understand their particular vulnerabilities and its resulting needs. In accordance with the Secretary-General's guidance the Panel is however cognizant that the vulnerabilities of all developing countries must be captured in the MVI to ensure credibility and comparability. Vulnerability is increasingly being recognized as a hindrance to sustainable development. Developing countries, including countries in special situations such as Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS), have unique inherent and vulnerabilities that hinder their ability to overcome economic, environmental, and social shocks and stressors:

4. Countries most prone to vulnerability, often find themselves on the frontline of multiple crises, including climate change and the vagaries of international markets and trade. SIDS for example, whose vulnerabilities are attributable to their structural characteristics e.g. small size, remoteness, low productive capacities and inadequate infrastructure, are highly exposed to adverse external shocks such as natural hazards<sup>1</sup> and trade disruptions, and despite their income levels, SIDS are not necessarily more resilient<sup>2</sup>. Although there generally is a negative relationship between income and vulnerability, many countries, notably SIDS, are much more vulnerable than their income levels would suggest, including *inter alia* because of costs associated with remoteness from international markets such as of high import/export costs and irregular international traffic volumes, as well as diseconomies of scale. This vulnerability hinders their ability to overcome economic, environmental and social external shocks and stressors and, can also suddenly reverse decades of development gains. For example, when the COVID-19 pandemic struck, many SIDS had not yet fully recovered from the global financial crisis of 2008–2009 or the hurricane seasons of 2016–2019.

---

<sup>1</sup> SIDS make up two thirds of the countries that suffer the highest relative losses – between 1% and 9% of their GDP each year, from climate and geological disasters (<https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/small-island-developing-states.htm#:~:text=Most%20SIDS%20that%20are%20ODA,longer%20be%20counted%20as%20ODA>)

<sup>2</sup>[https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC\(2020\)35/FINAL&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC(2020)35/FINAL&docLanguage=En)

5. While the pandemic demonstrates that all countries are vulnerable, the extent of that vulnerability, and the capacity to overcome it, varies drastically across countries. The economic fall-out suffered because of the pandemic<sup>3</sup> has reinforced the urgent need for proper characterization of a country's vulnerabilities in a manner that could attract international consensus that could enable the development of appropriate policies and programmes of support, that better reflect the development challenges faced by vulnerable countries.

6. Middle-income and Upper-middle-income classified economies, with high levels of vulnerability – including many SIDS – have argued that GNI per capita, the measure currently being used to determine access to development support, including concessional financial resources, inadequately takes into consideration the scale, frequency and or impact of adverse external shocks that these countries regularly encounter. This is at the heart of the call for the construction of a measure to complement GNI, that takes vulnerability into consideration. Using an internationally agreed MVI will provide an opportunity for countries to better communicate their vulnerabilities using metrics. The global acceptance of such an MVI as the agreed measure of assessing vulnerability, could lead to its application and use by donors, IFIs, the UN system and other relevant stakeholders (see the concluding section on usage). Such an agreed MVI will also support an evidence-based approach to development policy and decision making in vulnerable countries in order to maximize the impact of scarce external and internal financing resources.

### **3. History of the Multi-dimensional Vulnerability Index**

7. The call for the development of a globally accepted vulnerability assessment for small islands and low-lying and critical coastal areas was first made in 1992 at the United Nations Conference on Environment and Development (in Agenda 21).<sup>4</sup> In 1994, in the Barbados Programme of Action for the Sustainable Development of SIDS, reference and a request was made for the development of a vulnerability index to supplement the use of the GNP per capita criterion as a measure of economic development. It was argued that the latter distorted the real position of SIDS in that it failed to take account of the high costs incurred by those States in providing essential services. It was suggested that a vulnerability index that took into account environmental fragility and economic vulnerabilities would give SIDS more equitable access to international assistance, including financial assistance<sup>5</sup>. This request was endorsed by the General Assembly in resolution 49/122. Between 1995 and 2003, there were several further calls for the development of a MVI.

8. Despite a number of international advances toward understanding and mitigating vulnerabilities such as the creation of special funds by the World Bank to address small States' specific needs, international consensus is lacking on how to characterize and, by extension, support the mitigation of small island States' vulnerabilities, despite more than three decades of advocacy.

---

<sup>3</sup> For example, Tourism revenues in SIDS declined by 70 per cent in nominal terms (<https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2022/>). Debt service on total external debt, as a percentage of exports in 2020, reached an unprecedented 34.1 per cent in ([https://unctad.org/system/files/official-document/tdr2021\\_en.pdf](https://unctad.org/system/files/official-document/tdr2021_en.pdf)), making SIDS more reliant on external financing due to limited governments' fiscal space. While there has been some support for the suspension of debt repayments for IDA eligible countries, most SIDS do not fall into this category

<sup>4</sup> <https://sustainabledevelopment.un.org/content/documents/Agenda21.pdf> para. 17.100(c).

<sup>5</sup> [https://www.un.org/esa/dsd/dsd\\_aofw\\_sids/sids\\_pdfs/BPOA.pdf](https://www.un.org/esa/dsd/dsd_aofw_sids/sids_pdfs/BPOA.pdf) paras: 113 and 114

There have also been attempts to develop more sophisticated indicators for vulnerability and needs in developing countries, and in this regard, a variety of metrics exist<sup>6</sup>. However, these metrics have all shown limitations in terms of *inter alia* for their choice of indicators, data availability, the metrics used and inconsistencies across metrics<sup>7</sup>. Consensus on an index that accurately assesses the nuances of vulnerability across all developing countries could assist both developing countries and the international community in the development and adoption of more informed policies and strategies for building and sustaining long-term resilience.

9. Motivated by the dire economic and debt situation in the wake of the COVID-19 pandemic in 2020, Belize, the then Chair of the Alliance of Small Island States (AOSIS), wrote to the UN Secretary-General reiterating the need to advance a MVI. Subsequently, the General Assembly in paragraph 8(a) of resolution 75/215, requested specific recommendations from the Secretary-General on, *inter alia*, the possible development and use of such an index.

10. In his ensuing report<sup>8</sup>, the Secretary-General stated that based on his consultation, it is possible to construct such an MVI and recommended that in order to attract universal consensus, such work should be guided by the principles of multidimensionality, universality, exogeneity, availability, and readability<sup>9</sup> and that the development of the MVI, including its finalization is to be led and driven by member States, in a spirit of partnership.

#### **4. The Need for an MVI**

11. As stated above, reliance on GNI per capita for determining access to development support, including concessional finance or grant resources captures neither who is most affected, nor who is least able to respond to exogenous shocks. GNI per capita, is still considered by many donors and financial institutions as the most effective criterion for making eligibility decisions and financing allocations, despite the fact that it excludes extremely vulnerable countries with an income above set levels from concessional development financing. In order to withstand adverse external shocks, experiences from SIDS have demonstrated most developing countries need to build their resilience, as GNI is not a measure of resilience. SIDS make up two thirds of the countries that suffer the highest relative losses – between 1% and 9% of their Gross Domestic Product (GDP) each year, from climate and geological disasters<sup>10</sup>. For example, hurricane Maria in 2017 caused total damages estimated at 226% of Dominica's GDP<sup>11</sup>; The Post-Disaster Needs Assessment (PDNA) conducted for Vanuatu (2020) following Cyclone Harold and COVID-19 shows that the overall physical damage and economic losses caused by both shocks correspond approximately to 61% of the country's GDP in 2020, with estimated total recovery and reconstructions costs amounting to 36% of the country's 2020 GDP. The 2019 Global Assessment Report on Disaster Risk Reduction points out that while

---

<sup>6</sup> e.g., the Economic and Environmental Vulnerability Index (EVI) developed by the UN Committee for Development Policy (CDP), the Human Development Index (HDI) developed by UNDP, metrics designed to capture climate (global climate risk index) and disaster risk (WRI)

<sup>7</sup> See UN-OHRLLS "Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations December 2021" for a review.

<sup>8</sup>A/76/211

<sup>9</sup> See para 81-82 of A/76/211

<sup>10</sup> <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/small-island-developing-states.htm#:~:text=Most%20SIDS%20that%20are%20ODA,longer%20be%20counted%20as%20ODA> .

<sup>11</sup> See the Post-Disaster Needs Assessment (PDNA) for Dominica, 2017

Jamaica's economy has grown up to 0.8% annually over the past four decades, it would have grown by about 4% without the economic losses and damage caused by tropical cyclones.

12. Other PDNA data from the World Bank also reveal gaps in available resources relative to needs. For example, the PDNAs for Fiji (2016) and Vanuatu (2020) show recovery needs amounting to \$1.9 billion and \$358 million, respectively. However, of the resources needed for recovery and reconstruction, only 8% for Fiji (2016), and 27.7 % for Vanuatu respectively have been mobilized.<sup>12</sup> The case of Cabo Verde is also a clear example of the constant and complex challenges faced by SIDS dealing with multiple and interlinked crises at the same time. Between June and August 2022, the country, which depends heavily on tourism (60% of GDP) faced record-breaking levels of food insecurity impacting almost 10% of the population, as a result of years of drought, Covid-19 and global instability<sup>13</sup>.

13. A simple and coherent solution would be to recognize the structural (exogenous) vulnerabilities of countries (further defined in Part two of this report), as an additional criterion to complement the current international framework for accessing and allocating development support, including concessional funds. This would allow for targeted assistance to be delivered to the most vulnerable developing countries to address their vulnerabilities and build resilience. Development cooperation should also support the fostering of strong and coherent national and sectoral sustainable development policy frameworks that are backed by strong national public institutions. Effective institutions are paramount to the achievement of economic growth and sustainable development. For example, lessons from the COVID-19 Pandemic and governments' responses to it have impacted the functioning of public institutions in ways that directly affect the capacity of governments to deliver services and has also revealed institutional weaknesses in areas critical for resilient recovery. The per capita cost of strengthening public service institutions and ensuring that adequate human and financial capacity is in place for effective service delivery tends to be very high in most vulnerable countries. For SIDS in particular, this is largely due to overhead costs indivisibility, as such overhead cost cannot normally be downscaled in proportion to the size of the population.

*a. Access to Development Finance*

14. To date, only a few IFIs, take vulnerability into account and only on a limited scale<sup>14</sup> in allocating concessional resources. The argument often advanced to explain its absence in their allocation formulas is the lack of an appropriate indicator, that is also robust and consensual. As such, the development of an agreed MVI designed to identify and measure structural impediments to sustainable development, that also enjoys wider acceptance, consensus and political support could alleviate this inadequacy.

15. Notwithstanding, many Bilateral Development partners and other development institutions have acknowledged the need for new methods to better account for vulnerabilities of SIDS in particular. As such, these development partners and institutions have increasingly been designing their projects, programmes and funding opportunities aiming at building resilience. The OECD DAC,

---

<sup>12</sup> See <https://openknowledge.worldbank.org/handle/10986/30945> and <https://sdgs.un.org/news/disasters-after-disasters-short-recovery-intervals-and-large-financial-gaps-small-islands>

<sup>13</sup> See <https://reliefweb.int/report/cabo-verde/cabo-verde-faces-record-breaking-levels-food-insecurity-result-drought-covid-19-and-crisis-ukraine>

<sup>14</sup> AfDB 2021

for example, has instituted a range of initiatives and policies such as the 2020 “graduate but pause” policy and the establishment of a Technical Advisory Group of SIDS, donors, and international organizations to provide guidance on improving SIDS’ access to development finance. Similarly, the World Bank’s Small Island Economies Exception has been designed to enable access to concessional resources to support recovery and resilience building, including by some middle and high-income SIDS. Despite these positive developments, challenges in consistency and predictability of access (due mainly to the continued reliance on GNI per capita) remains.

16. By improving international understanding of vulnerability and resilience, the MVI will also provide an evidence base for more effective and targeted development investments. For example, it could provide evidence for increased investment in mutually agreed priority issues such as oceans (noting that SDG 14 has historically attracted a relatively small proportion of SDG funding)<sup>15</sup>.

*b. Recognition of the MVI in UN System Institutional Arrangements*

17. Addressing the persistent structural impediments confronting vulnerable countries is critical for the success of the development work of the UN. While there has been an increase in the United Nations Development System (UNDS) expenditures in some vulnerable developing countries, the MVI could be used to justify (i) increased funding towards development activities; and ii) prioritized allocation of funds to vulnerable countries and to activities designed to increase resilience.

## **5. The United Nations High-level Panel on the MVI**

18. The Report of the Secretary General (A/76/211) on “*the potential development, finalization and use of a MVI for SIDS*”<sup>16</sup> contains elements for the development of an MVI<sup>17</sup> which could attract broad acceptance and support. The guidance was developed based on a comprehensive review of various existing indices and academic literature on vulnerability indices. With regard to finalization of the MVI, the Secretary General stated:

*88. Work on the index by the General Assembly should be carried forward by a high-level expert panel, supported by the Secretariat, headed by two eminent persons, one of whom from a small island developing State, both appointed by the President of the General Assembly, tasked with finalizing the index. Panel members could be drawn from senior policymakers, academia, civil society and the public and private sectors, with due consideration given to geographical and gender balance. They should have relevant knowledge and experience of the development challenges facing vulnerable countries and development finance.*

*89. It is also recommended that work on the index by the General Assembly be finalized in 2022”*

---

<sup>15</sup> See <https://www.oecd-ilibrary.org/sites/bede6513-en/index.html?itemId=/content/publication/bede6513-en#snotes-d7e9532> and <https://www.weforum.org/agenda/2022/07/2022-un-ocean-conference-sets-off-new-wave-of-ocean-action/#:~:text=SDG14%20is%20the%20least%20funded,to%20tackling%20the%20climate%20crisis.>

<sup>16</sup> In response to Para 8a of Resolution 75/215

<sup>17</sup> See also [https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/multidimensional\\_vulnerability\\_indices\\_report-w.pdf](https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/multidimensional_vulnerability_indices_report-w.pdf)



19. In welcoming the Secretary General’s recommendations on “*the potential development and coordination of work within the United Nations system on an MVI for SIDS*”, including on its potential finalization and use, the General Assembly decided to establish a representative high-level panel of experts co-chaired by two eminent persons, one of whom shall be from a small island developing State to carry forward the work to finalize the MVI by December 2022 and tasked the PGA with establishment of this Panel<sup>18</sup>.

20. In February 2022, following a nomination period among member States, the PGA appointed (Annex 1) a 12-member High Level Panel as follows:

H.E Mr. Gaston Browne, Prime Minister of Antigua & Barbuda (Co-Chair)

H.E. Ms Erna Solberg, former Prime Minister of Norway (Co-Chair)

Prof. Lino Briguglio (Malta)

Ms. Natalie Cohen (Australia)

Dr. Omar El-Arini (Egypt)

Dr. Louise Fox (USA)

Prof. Edgar Gutiérrez-Espeleta (Costa Rica)

Ms. Xiheng Jiang (China)

H.E. Dr. Fatumanava Pa’olelei Luteru, (Samoa)

Dr. Leonard Nurse (Barbados)

H.E Mr. José Luis Rocha (Cape Verde)

Ms. Yee Woan Tan (Singapore)

21. The Panel, guided by its Terms of Reference (Annex 2) began its work in March 2022. According to the Panel’s Terms of Reference, recommendations are to be provided on two key issues: First, a clear and coherent MVI which needs to take into account the principles highlighted in paragraphs 80-83 of A/76/211. It must comprise a structure, indicators, a precise methodology for weighting and aggregating the indicators, and precise definitions of the main concepts including vulnerability, exposure, shock and resilience. Second, evidence-based recommendations on the most appropriate governance arrangements for the MVI, including modalities for the publication of MVI results and procedures for reviewing and/or revising the MVI and its components, are also requested from the Panel.

## 6. Challenges faced by the High-level Panel

22. The Panel faced some key challenges in the course of its work as follows:

- i. **Concepts and Definitions:** building a MVI for the very specific purpose of being used for access to development support, including concessional finance, requires clear

---

<sup>18</sup> A/Res/76/203



concepts and definitions. In this regard the MVI must be designed as an index of both structural vulnerability and resilience (both terms are defined in Part Two of this report).

- ii. **The Principle of Universality:** in order to remain consistent with this principle and to ensure that the index could enable proper comparison between the various groups of (developing) countries, the vulnerabilities of all developing countries must be included in the index.
- iii. **Inclusion of the three dimensions of vulnerability in the index:** in order to be multidimensional and remain consistent with the Secretary-General's guiding principles, the three dimensions of vulnerability (economic, environmental and social) must be included in the index to enable proper assessment of the central aspects of risks to sustainable development.
- iv. **Defining the scope and perimeter of social vulnerability, structural resilience and the three dimensions of structural vulnerability:** This is particularly important to eliminate redundancy of components across the index and allow for the identification of appropriate indicators. In this regard, the three dimensions of vulnerability in the index correspond to three clearly identifiable categories of shock (economic, environmental and social), which are identified by their origin rather than by their impact (which may or may not be economic, environmental or social).
- v. **Criteria for the selection of individual indicators:** in this regard, i) the rationale for selecting each indicator must be evidence based; ii) the selected indicators must also be consistent with the objective of the MVI *inter alia* access to concessional finance. Hence, selected indicators must not be heavily correlated with GNI per capita iii) data that is of the highest quality must be available for the selected indicators and it must be widely available with long time series for all developing countries and iv) inputs from relevant UN system and other agencies e.g. the Commonwealth Secretariat and the MDBs were central to the process of identifying suitable indicators for the structure.

## PART TWO - THE MVI FRAMEWORK

### 1. The key definitions: Understanding the MVI Concepts

23. According to the UN-OHRLLS 2021 report on the “Possible Development and Uses of Multi-Dimensional Vulnerability Indices”, only a few existing vulnerability indices rely on a clear framework based on precise definitions of the main concepts of vulnerability, exposure, shock and resilience. Similarly, the typology of shocks is often not identified clearly enough to allow for the introduction of multiple dimensions in a coherent manner. Furthermore, the existing indices do not always allow for clearly distinguishing between (i) structural and non-structural factors, (ii) likelihood of shocks and exposure to shocks, and (iii) factors of (or lack of) resilience. Distinguishing between structural and non-structural factors is central to the vulnerability literature and is important for the use of the MVI as a policy tool.

24. To be effectively used as a policy tool, the MVI must reflect the structural challenges faced by countries, irrespective of their current policies and the political will of their governments. At the same time, it must also avoid considering too many factors, especially those that are only loosely connected to vulnerability, as this may lead to the development of an index that reflects general progress toward the SDGs, rather than a genuine structural MVI. Further, to be equitable, and gather broad support across a range of stakeholders, the MVI has to also include the main dimensions of vulnerability and must also be grounded in a clear and coherent framework and taxonomy. It is therefore critical to design a framework that is based on agreed definitions, that could then facilitate the articulation of the key components of such an index.

25. The section defines the key concepts informing the proposed structure of the MVI.

#### a. Vulnerability

For the purpose of this proposed MVI, *Structural Vulnerability* is defined as “***the risk of a country’s sustainable development being hindered by recurrent adverse exogenous shocks and stressors.***”

26. At the macro and micro level in any economy, vulnerability is a multi-dimensional phenomenon, which threatens sustainable development. Vulnerability, at the macro level is in general, the risk of an economy being hampered by exogenous shocks and/or progressive shocks or stressors whether environmental (e.g., droughts, tropical cyclones), economic (e.g., terms of trade) or social (e.g., epidemics). As recognized in the literature<sup>19</sup>, the impact of an exogenous shock on an economy depends on three factors:

- i. the size of the event and, whether it is a recurrent shock or a progressive shock or stressor such as climate change;
- ii. the country’s exposure to these shocks and/or stressors; and
- iii. the country’s capacity to prevent, cope with and adapt to these shocks and/or stressors (resilience).

---

<sup>19</sup> See UN-OHRLLS “Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations December 2021” for a review.

27. **Structural vulnerability** is vulnerability that depends on factors that are inherent or slow moving and are independent from current or recent policy choices and the will of policy makers i.e., factors i) and ii) in the paragraph above. It only results from exogenous and persistent factors, rather than on endogenous contemporary country policies that form part of the resilience of a country. In particular, the underlying factors determining structural vulnerability represent the risk of exposure to exogenous shocks and stressors and the extent of a country's exposure (historical persistence and intensity). Structural vulnerability indicators should rely on long-lasting factors measured over significant periods between ten to twenty years, so that they reflect either medium-term economic, environmental or social vulnerability (or long-term physical vulnerability to climate change). They should not reflect short-term volatility and must only display very limited amount of year-to-year fluctuations. According to this definition, the vulnerability of countries will be persistent and will evolve only slowly overtime ensuring that vulnerability as measured by the MVI framework is truly structural.

b. *Resilience*

For the purpose of this MVI, *Structural Resilience* is defined as “***the capacity of a country to dampen the impact of, and quickly recover from shocks and to adapt flexibly in response to stressors***”

28. A country's resilience refers to its ability and capacity to dampen the impact of, and quickly recover from shocks; and to adapt flexibly in response to stressors. It influences the magnitude of the impact of external shocks on sustainable development. A country's capacity to respond or its “resilience” depends not only on current policies but also on structural factors (e.g., human capital, infrastructure, natural capital) which could also affect effective implementation of resilience policies. These structural factors make up a country's **Structural Resilience**.

29. The extent of a country's exposure to shocks determines the potential impact of those shocks. For example, a country's degree of trade dependency (exposure) determines the potential impact that trade instability (shock) has on an economy. However, the structural resilience of a country interacts with its exposure to shocks, to determine the extent of the final impact of that shock on the country's development. It should be noted that resilience factors do not influence the probability of future shocks, only their likely impact on sustainable development.

**2. Disentangling structural from non-structural factors of vulnerability and resilience:  
Why is this important?**

30. The distinction between what is structural and what is not, is critical as it conditions the index' use for resource allocation. It also allows for a better understanding of the extent of a country's structural vulnerability and resilience, and its impacts on an economy, which is important for growth and sustainable development. Assessment of a country's structural vulnerability and resilience requires the use of indicators or indices that are comparable between countries, reliable and that lend themselves to being used for international cooperation policy purposes, including for access to international support. Such indices should also capture the three dimensions of vulnerability and resilience (economic, social, environmental). Associated responses to reduce a country's structural vulnerabilities and improve its structural resilience over time would depend on the source of the vulnerability to be addressed i.e., economic, social or environmental. As structural vulnerability reflects that which is outside the immediate control of governments, structural vulnerability is the

more appropriate criterion to be used for access to development support, including concessional finance.

31. A country's resilience is more likely to be assessed *ex post* rather than *ex ante*, as it becomes more apparent in the social or economic outcomes in the aftermath of a shock and will likely be a mix of structural and non-structural factors. However, it is the factors of structural resilience that should be isolated, and included in an MVI, as a low level of structural resilience is more suitable for use as a positive criterion for access to development support, including concessional finance, and a better reflection of significant financing needs. Structural factors of resilience are easier to assess than non-structural ones, as they are inherent (e.g. availability of freshwater resources) or evolve slowly over time (e.g. health or education outcomes), as opposed to non-structural factors of resilience which involves capturing the possible reaction of public and private agents after a shock, as well as the expected effectiveness of public policies and programmes.

32. In the context of the MVI, non-structural resilience comprises the policy or other transitory economic, environmental, and social factors or political choices, that allow a country to adapt and be less exposed to exogenous shocks and stressors. One can compare two countries which are equally structurally vulnerable and resilient, but are differently able to weather shocks, due to non-structural resilience (i.e. the quality and implementation/performance of their policies). The more resilient economy, for example, will be one that is less exposed due to policy implementation<sup>20</sup>.

33. Along with GNI per capita, the assessment of the quality of developing countries policies is one of the most important factors on which most IFIs rely, for the allocation of their concessional resources through the performance-based allocation (PBA) framework. The goal of the PBA is to reward well performing countries by allocating a larger amount of aid, according to a Country Policy and Institutional Assessment (CPIA), which represents the alleged quality of their public policy or in other words their commitment to development. Performance is measured from the CPIA and its components. Therefore, as quality of policies are already reflected in current PBA framework practices the MVI, while acknowledging the critical part of policy performance for overall resilience, does not include non-structural factors of resilience. The proposed structure does however accommodate an in-depth analysis of non-structural resilience to enable the proposal of specific avenues to reduce vulnerability and promote enhanced resilience through the development vulnerability-resilience profiles. This is further discussed in Section 5 below.

34. Both the lack of structural resilience and a high level of structural vulnerability (constituting vulnerability) should be used as a positive factor for access to and allocation of development support, including access to concessional resources. This focus on structural vulnerability and resilience represents the general view that only structural factors can be the basis for improved access to development support, including concessional finance.

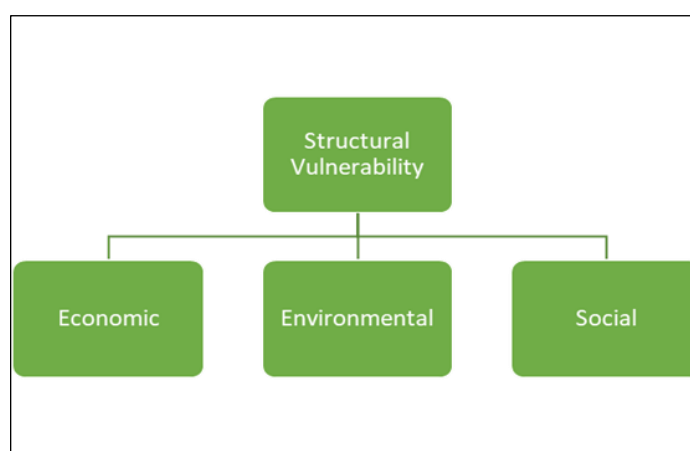
---

<sup>20</sup> Examples of policies that fall into this category are those that, *inter alia*, discourage the accumulation of large external financial imbalances (unless they are being used for productive investment that can finance the repayment of debt over time), promote financial market stability and prudent behavior by financial entities, foster depth of and access to the financial system including insurance, encourage responsible fiscal expenditure and adequate revenue collection, facilitate the design and implementation of a social welfare safety net to assist those who are hit adversely by exogenous shocks, enable a flexible but fair labor market that allows for easy job transfer while minimizing exploitation, enable appropriate checks and balances with respect to the political and judicial systems such that accountability of decision makers is ensured, enhance the quality of the crisis response framework or early warning systems, build partnership and regional integration with other countries to mitigate the effect of exogenous shocks.

### 3. The Structural Vulnerability Components of the MVI

35. Addressing structural vulnerability requires an identification of the sources and determinants of vulnerability, including a conceptual clarification with respect to its scope. It therefore seems reasonable to identify three main sources of macro-vulnerability: economic, environmental and social. These three areas of vulnerability correspond to the three dimensions generally referred to in the global sustainable development discourse. They also correspond to three categories of shock, identified more by their origin (economic, environmental and social) than their impact (which may or may not be multidimensional). This differentiation, reflected in Figure 1, makes it easier to avoid redundancy of components across the three dimensions, while at the same time acknowledging that they may be interrelated.

**Figure 1: The structural vulnerability components of the MVI**



#### a. *Economic vulnerability*

36. Economic vulnerability is the risk of a country being harmed by *external economic shocks* resulting from its exposure to such shocks.<sup>21</sup> Structural economic vulnerability should also be understood in a dynamic manner, as the risk for a country seeing its economic growth, and more generally its development rate, slowed by exogenous shocks, independently of its will or outside its control. Structural economic vulnerability results from the sum of the expected impacts from shocks over a given period, which is based on the size of the shocks and the country's exposure to them.

---

<sup>21</sup> UN-OHRLLS "Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations December 2021", p. 1.

b. *Environmental vulnerability*

37. Environmental vulnerability is the risk of *natural hazards*., Some of them may result from *structural vulnerability to climate change* and anthropogenic or socio natural shocks and stressors that are exogenous in origin.<sup>22</sup> Vulnerability to climate change, which is a specific kind of vulnerability, is also an important component of environmental vulnerability. It stems from a risk of long-term change in geophysical conditions rather than from a growth handicap in the medium term. In other words, it is more physical than economic, and has a longer time horizon. Vulnerability to climate change is understood here as a vulnerability to a specific global and progressive stressor, likely to translate into country-specific shocks and stressors through various events. Exposure to climate change is a central challenge for many countries as it implies the diminution of the overall usable land surface either through desertification or sea-level rise or the intensification of natural hazards.

c. *Social Vulnerability*

38. Social vulnerability is the risk of *recurrent social shocks*. Here separating structural and non-structural factors is more difficult, as social vulnerability is closely correlated with current policy.<sup>23</sup> However, there has been work in the past 20 years that suggests links to structural factors resulting from recurring violence as well as health shocks and forced displacement.<sup>24</sup> In the MVI framework, social vulnerability is reflected through the effects of past shocks and more importantly their recurrence measured over a long period. It is the recurrence of long-term social shocks that reflect structural exposure to those shocks and in turn social vulnerability.

#### 4. The Structural Resilience Component of the MVI

a. *Introduction*

39. A country's resilience depends not only on current policies, but also on structural factors, i.e. structural resilience. These structural factors of resilience are broad, and are often captured by GNI per capita and the Human Assets Index (HAI). Alongside the Economic and Environmental Vulnerability Index (EVI), GNI per capita and the HAI make up the criteria for the identification of LDCs by the UN Committee for Development Policy. When these criteria are considered together, it would suggest that where factors such as human capital or GNI per capita are particularly low, economies and vulnerable populations do not have the flexibility or resources to prevent, respond or adapt to shocks and stressors. Further, as such countries and vulnerable populations within those countries are prone to being hit harder by shocks, they fall into a "trap" or a vicious circle where, because they are poorer, they bear more costs as the result of a shock, which further lowers their human capital and income levels over time, leaving them even more vulnerable in the future. In essence, the risk of getting trapped results from the conjunction of structural economic vulnerability and low structural resilience.

---

<sup>22</sup> UN-OHRLLS "Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations December 2021", p. 2.

<sup>23</sup> UN-OHRLLS "Possible Development and Uses of Multi-Dimensional Vulnerability Indices: Analysis and Recommendations December 2021", p. 3.

<sup>24</sup> Ibid.

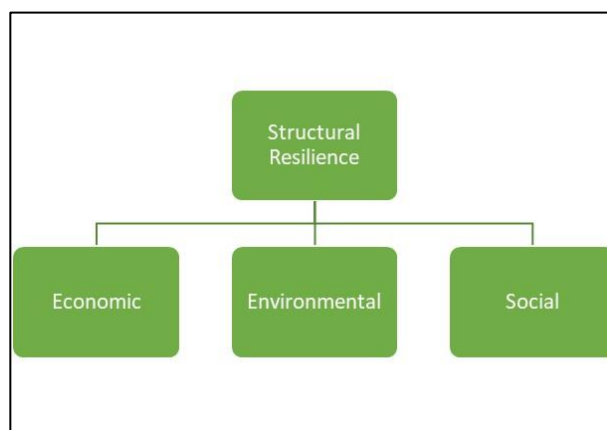
40. In the context of the MVI, where structural resilience is considered in the same framework, the dimensions of structural resilience should match the dimensions of structural vulnerability, highlighting the economic, environmental and social structural factors, which represents the extent of the inherent flexibility or resource to prevent, respond and adapt to adverse events.

*b. The dimensions of resilience*

41. Structural resilience consists of three categories of indicators: economic, environmental and social resilience, representing the inherent and structural factors that help dampen the long-term effects of external shocks and stressors as well as favoring a faster transition out of vulnerability.

- i. Structural economic resilience represents the inherent and structural economic capabilities and economic capital;
- ii. Structural environmental resilience represents the inherent environmental capital;
- iii. Structural social resilience represents the inherent and structural social capabilities and social capital.

**Figure 2: The structural resilience components of the MVI**



## 5. The MVI framework

42. The proposed MVI Structure satisfies the Secretary General’s guiding principles as articulated in paragraphs 80-83 of A/76/211, with an additional component added. This additional component consists of systematic and in-depth vulnerability country profiles that complement the assessment of the MVI. A two-level structure is then proposed as follows:

1. A global level assessment of structural vulnerability and resilience to take the form of an easy-to-understand dashboard, backed by a detailed vulnerability and resilience model and;
2. National vulnerability-resilience profiles for vulnerable countries to provide granularity and greater characterization of country specific vulnerability and resilience factors, including non-structural resilience, allow for country ownership and be used to direct support and cooperation to address the vulnerability in question and build resilience.

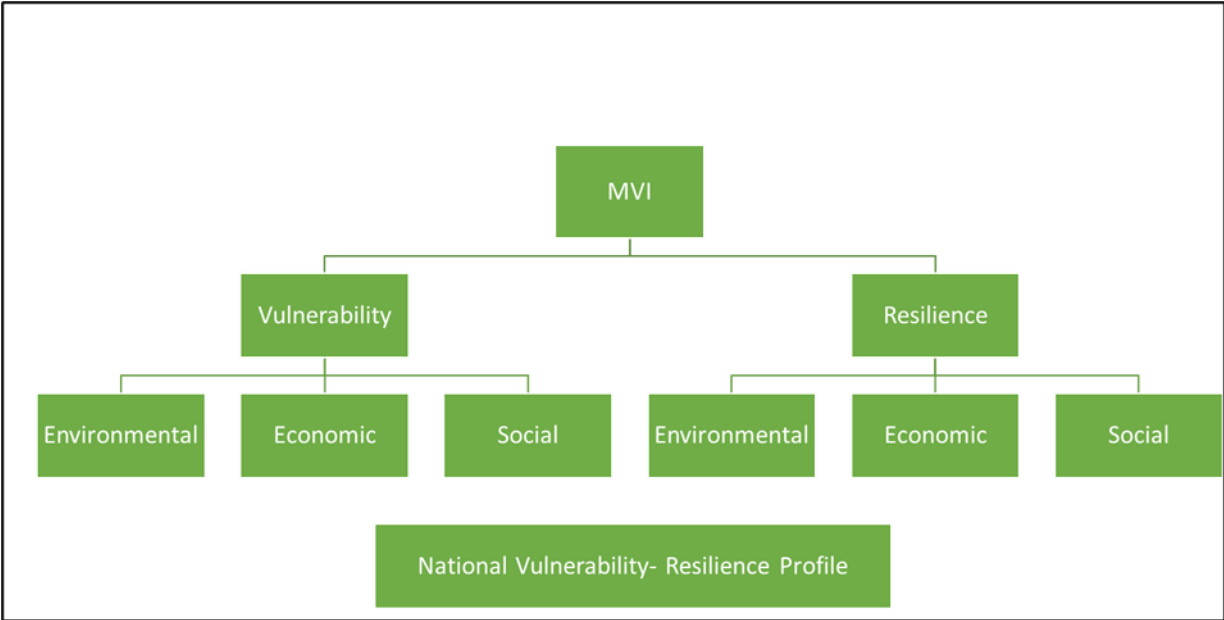


43. In simple terms, if a country is deemed vulnerable in level one, cooperation and assistance are guided by level two.

44. Vulnerable countries are not a monolith, they vary by income level, geography, etc. A MVI framework should be flexible enough to acknowledge and measure the specific characteristics of vulnerability in each country group, it should contain multiple measures of each category of vulnerability which holistically capture vulnerability. Further, these countries should have the space to put shape on their own vulnerability to direct their own resources and external assistance to critical resilience areas decided by national policy.

45. A MVI dashboard will be developed, presenting individual country results from the Index. A dashboard presentation has the benefit of clearly illustrating the vulnerability profile of countries. The dashboard presents the categories of structural vulnerability and resilience in a simple and easy to understand format.

**Figure 3: The MVI framework**



*a. The structure of the MVI*

46. As shown in Figure 3 above, the proposed preliminary MVI Framework has two components: structural vulnerability and structural resilience, each of which its own economic, environmental and social dimensions, which has in turn will contain their own range of indicators representing specific factors of vulnerability and resilience as presented below.

***(NB: - To date the Panel has begun the process of identifying those indicators which best reflect the criteria highlighted above)***

### ***Vulnerability: Indicator Examples***

47. ***Economic vulnerability.*** Factors of vulnerability to external economic shocks should be introduced in two specific ways as follows:

- i. selecting factors representing the central aspects of ***exposure*** to those shocks. For example, Trade openness: the higher the dependence of a country on international trade, the higher its exposure to external economic shocks. Countries that are open to trade are strongly affected by global trade and financial volatility and economic downturns.
- ii. Selectors proxying the ***extent, intensity and future recurrence of those shocks***. An example of this is instability of exports of goods and services: Instability may be perceived in two different ways as follows: (a) Instability in relation to the goods themselves; and (b) Instability in relation to the prices of the goods. Even if open trade is a positive factor in development, trade related shocks are a main source of vulnerability. Unstable proceeds from exports of goods and services measured over the long-run is structural and results from fluctuations in world prices and in external demand as well as from domestic event unrelated to policy, such as natural hazards. This is more harmful when combined with a high trade openness ratio.

48. ***Environmental vulnerability.*** This dimension of vulnerability should include three components as follows:

- i. Factors reflecting the country's ***exposure to natural hazards***. An example of this is Share of population in low coastal areas, in drylands or in seismic zones: Populations in low coastal areas, dryland and seismic zones are more exposed to hydrometeorological and seismic hazards (storms, floods, droughts, earthquakes, etc.).
- ii. Factors reflecting the ***intensity of past natural hazards as well as their likely recurrence***. An example of this is Victims of disasters caused by natural hazards. The number of victims reflect the vulnerability of populations to hazards, in particular their human impacts.
- iii. Factors reflecting ***exposure to environmental stressors*** reflecting the likely exposure to climate change. An example of this is increased frequency and intensity of rainfall and temperature shocks. Rainfall and temperature shocks caused by climate change can have a severe impact on economic activity, access to water, food insecurity and conflicts caused by resource scarcity.

49. ***Social vulnerability.*** As explained above, in order to avoid any redundancy and theoretical overlap with structural resilience, this dimension consists of factors reflecting the intensity and recurrence of past social shocks over the long-run. For example, the frequency and intensity of epidemics. Infectious diseases can cause large-scale mortality and morbidity, disrupt trade and travel networks, and stimulate civil unrest. When local emergence leads to regional outbreaks or global pandemics, the economic impacts can be devastating.

### ***Resilience: Indicator Examples***

50. ***Structural economic resilience*** represents the inherent and structural economic capabilities and economic capital to prevent, dampen and adapt to the effect of exogenous shocks and stressors. It is composed of three main components as follows:

- i. ***Financial stability*** e.g. External debt long-term sustainability: While external borrowing is a method of supplementing savings and financing the investment gap in a country, unsustainable debt burdens choke sustainable development. Vulnerable countries who are exposed to recurrent external shocks, risk facing a future of high economic and development costs and of having to deal with large debt overhangs. For these countries borrowing to finance previous borrowing can become a vicious circle and lowers their structural capacity to adapt and respond to exogenous shocks.
- ii. ***Economic complexity*** e.g. The structure of the economy: International experience suggests that productivity growth within each sector, while important, is not sufficient to ensure sustainable and inclusive growth. This must also involve structural transformation, i.e. the migration of productive resources from agriculture to industry and services. Contrary to agriculture, forestry, fishing, and service exports such as tourism, manufacturing is less prone to being impacted by recurring external shocks (economic, environmental or social).
- iii. ***Supporting infrastructure and connectivity*** e.g. Infrastructure development: Infrastructure supports inclusive and sustainable growth, expands markets, creates job opportunities, promotes competition, and contributes to a cleaner future. Infrastructure improves lives by connecting people to opportunity. The general level and quality of infrastructure, while influencing connectivity and integration to global markets can also affect a country's resilience to shocks, in that it can lead to better responses (at a lower human and economic cost).

51. ***Structural environmental resilience*** represents the inherent environmental capital to prevent, dampen and adapt to the effect of exogenous shocks and stressors. It consists of factors reflecting the extent of available natural capital. An example of this is a country's access to renewable internal freshwater resources from groundwater and rainfall or the availability of natural resources such as arable land, fishery resources or tree cover. Larger potential in terms of agricultural, forestry and fishery activities can more easily provide developing countries with food and revenue.

52. ***Structural social resilience*** represents the inherent and structural social capabilities to prevent, dampen and adapt flexibly to the effect of exogenous shocks and stressors. Factors reflecting social resilience could include:

- i. Factors reflecting ***demographic*** characteristics e.g. dependency ratio
- ii. Factors reflecting ***education*** e.g. literacy rates
- iii. Factors reflecting ***health*** e.g. health infrastructure
- iv. Factor reflecting ***gender*** issues e.g. gender parity

53. **Data availability** is a central issue for the successful design of the MVI and the selected indicators will represent a balance between the quality of available data and the precision or relevance of the underlying concepts it represents. To satisfy the universality criterion, data covering all developing countries must be available and reliable<sup>25</sup>. This could present a challenge particularly in the case of small and very poor countries. Nevertheless, variables should be selected only if their geographic and temporal coverage is sufficient and the use of interpolated or estimated data should be kept to a minimum.

*b. Vulnerability / resilience Country Profiles*

54. To date, the development of country vulnerability-resilience profiles has been done on an ad-hoc basis, with many UN agencies having made attempts to operationalize this element of the SAMOA Pathway<sup>26</sup>. However, none of those efforts have been permanent. It is proposed that a structured and coordinated approach to the development of vulnerability-resilience country profiles be included in the MVI Framework. National vulnerability-resilience profiles should be viewed as the operational part of the MVI Framework. Recommended modalities for this element of the MVI Framework will be included in the final report the High-Level Panel, including a clear objective and method for coordination.

55. A national vulnerability-resilience profile developed by national governments in partnership with multilateral institutions allows for national ownership and, greater characterization of a country's vulnerability and articulation of areas of resilience that require investment. The rationale for this is that while the drivers of vulnerability are somewhat universal, the manifestations of these are not necessarily the same across all countries. For example, debt issues are not of universal importance to all countries, nor are all SIDS tourism dependent. National priorities for addressing vulnerability, building resilience and achieving sustainable development should be reflected in a national vulnerability-resilience profile.

56. In principle, a country which is recognized as structurally vulnerable in the MVI Dashboard would create a national vulnerability-resilience profile, incorporating different indicators to the global dashboard, based on national priorities and available data, including indicators of non-structural vulnerability-resilience. This profile would then have an operational purpose as the avenue for investment, development cooperation and other support allowing for more targeted and deliberate action on vulnerability and resilience factors. The profiles should provide greater characterization of national vulnerability and articulate those areas of resilience requiring investment, cooperation and support.

57. Enhancing statistical capacity and leveraging new sources of data will be key for strengthening the monitoring of vulnerabilities and facilitating evidence-based, targeted and effective support. As emphasized by many international organizations, statistical capacities and data gaps remain major challenges for many vulnerable countries. This is an important limitation for measuring and addressing the challenges of multidimensional vulnerabilities. International efforts to strengthen statistical offices of the most vulnerable countries and to provide enhanced support in developing national capacities for improved data collection and statistical analysis, should be maintained

---

<sup>25</sup> Data are collected for all UN Member States in developing regions, as so classified by the UN Statistics Division in its "Standard Country or Area Codes for Statistical Use" (M49 Standard).

<sup>26</sup> Paragraph 115 (c)

alongside efforts to identify and develop new sources of data that could be leveraged to enhance the credibility and effectiveness of the vulnerability / resilience profiles.

## **6. Possible Use of the MVI**

58. The Secretary General in Para 84-85 of A/76/211 recommended several possible uses of an MVI, as follows:

- a) To facilitate action to address vulnerability and build in-country resilience through the development of evidence-based policies and partnerships;
- b) To facilitate evidence-based, targeted and effective support and smarter resource allocations;
- c) To complement performance-based allocation models, allowing the use of a vulnerability component;
- d) To support and guide the design of innovative financing mechanisms and act as a vehicle for providing exemptions or wider eligibility with regard to the rules governing access to development and concessional financing;
- e) To serve as an advocacy tool to promote the principle to leave no one behind;
- f) To serve as a tool for monitoring, evaluation and measuring vulnerability and targeted policies in that regard;
- g) To support and guide the formulation of country vulnerability resilience profiles;
- h) To be used for evidence-based decision-making and the development of smarter, risk-informed national, bilateral and multilateral cooperation policies;
- i) To inform United Nations in-country engagement and to support the preparation of country graduation strategies;
- j) To serve as a tool to inform approaches to debt restructuring, to act as a vehicle to extend eligibility for comprehensive debt treatment and to allow exceptional eligibility for vulnerable States.

59. The MVI's use for development support, including concessional finance and debt is further elaborated in this section.

60. The current architecture of access to development support, including concessional finance, is essentially based on the categorization of countries in a dichotomous way. The DAC List of official development assistance (ODA) recipients records all countries and territories eligible to receive ODA. This consists of all low- and middle-income countries based on GNI per capita as published by the World Bank, with the exception of G8 members, EU members, and countries with a firm date for entry into the EU. Countries that have exceeded the high-income threshold for three consecutive years at the time of the review are removed from the list. With a few exceptions, access to the most concessional financing windows of many IFIs depends on lower income thresholds, combined with other criteria such as population size.

61. The complexity of the issues combined with the multiplication of development objectives has led to a proliferation of financing instruments, tools or modalities<sup>27</sup>, also linked or tied to GNI per

---

<sup>27</sup> public loans to Governments, equity and debt finance for the private sector, a range of blended financing instruments, including risk-mitigating instruments such as credit and political risk guarantees, risk insurance and catastrophic bonds, regional catastrophe risk pools, currency swaps and arrangements that combine public and capital market funds. Rapid credit facilities and deferred drawn-down loans

capita, for which countries are eligible or not, with limited considerations for the continuous nature and complexity of all the interactions between structural handicaps, in particular, the multiple dimensions of vulnerability and sustainable development. The use of per capita income for eligibility purposes or as the major proxy for assessing a country's need for development support, including concessional finance hides a very large heterogeneity in terms of structural vulnerability between countries. For example, although SIDS are among the most vulnerable in the world, many of them do not have access to concessional financing or adequate debt relief mechanisms. It also does not directly allow for resources to be targeted toward the issues arising from structural vulnerability, which hinders development.

62. There is a strong case to be made to allow vulnerable countries to also access development support, including concessional finance and other support facilities particularly related to debt, and to allocate more resources to the most vulnerable countries. Indeed, the MVI could also serve as a tool to inform approaches to debt restructuring, to act as a vehicle to extend eligibility for comprehensive debt treatment and to allow exceptional eligibility for vulnerable States. In this regard, in 2021, the Economic and Social Council forum on financing for sustainable development follow-up, acknowledged the work of the General Assembly on the possible development of an index and tasked the Inter-Agency Task Force on Financing for Sustainable Development to include in its 2022 report an analysis of the potential use of the index for debt restructuring, with the aim of building credit worthiness and expanding access to financing, including concessional financing<sup>28</sup>.

63. The resulting report<sup>29</sup> suggests *inter alia* that high vulnerability affects a country's capacity to service debt in that, the ability to service debt may vary and, fall unexpectedly following shocks. In a situation of recurrent shocks, current per capita income may not sufficiently reflect the risks of future shocks and become a poor proxy for future capacity to pay. An MVI could complement tools assessing debt carrying or debt absorption capacity, particularly in an age of growing systemic risks and more frequent and severe natural hazards as it would reflect elevated risks of future shocks and their impacts in one indicator. High vulnerabilities, as reflected in an MVI, could also contribute to the calibration of debt relief needed to restore sustainability in the context of debt restructuring.

64. The UN also relies on income as one of the criteria to assess graduation from LDC status. The criteria for LDC graduation include income, human assets and economic and environmental vulnerability. Graduation may occur after a country meets two out of three criteria at consecutive triennial reviews conducted by the Committee of Development Policy, an independent expert body. Alternatively, a country with a sufficiently high level of income may graduate based on the income-only criterion if that level is found to be sustainable. Of the six countries that have so far graduated from LDC status, four of them are SIDS<sup>30</sup>, which would suggest that the MVI could also help inform LDC graduation processes.

65. Considering vulnerability as an additional eligibility criterion for access to development support including concessional finance and ODA as well as its allocation, would make it more equitable and effective. Equitable, because structural vulnerability in its various forms is a handicap for sustainable development and international justice aims at equalizing opportunities between

---

<sup>28</sup> E/FFDF/2021/3

<sup>29</sup> <https://developmentfinance.un.org/fsdr2022>

<sup>30</sup> Botswana (1994), **Cape Verde** (2007), **Maldives** (2011), **Samoa** (2014), Equatorial Guinea (2017), and **Vanuatu** (2020).

countries, and effective, because research over the past two decades has shown that aid has a higher marginal effectiveness in situations of vulnerability, as it helps to cushion shocks.

66. Additionally, UNDS should use the MVI as an advocacy tool as well as for prioritizing allocation to countries deemed to be the most vulnerable by the index. The UN should also use the MVI to increase funding for development activities in these countries.

67. For most vulnerable countries, the use of an appropriate vulnerability indicator that also considers structural factors of resilience allows for a more systematic approach to addressing structural factors of vulnerability, that can be addressed overtime through enhanced international cooperation. Without such support, the ability of such vulnerable countries to progress towards achieving the SDGs and to build their economic, social and environmental resilience to withstand the harmful effect of shocks, would be weakened. A strong focus on resilience building, and on addressing vulnerability would lead to the elimination of the need for perpetual support to these countries.



### **PART THREE - GENERAL REMARKS**

68. This report proposes a framework for the development of a MVI in line with the principles highlighted in paragraphs 80-83 of A/76/211. It also includes the definitions of the main concepts such as structural vulnerability and structural resilience.

69. The subsequent final report will present the selected indicators, their rationale and a precise methodology for weighting and aggregating the indicators. It will highlight the structural challenges faced by developing countries and make evidence-based recommendations, on the most appropriate governance arrangements for the MVI, including modalities for the publication of MVI results and procedures for reviewing and/or revising the MVI and its components.

70. Notwithstanding, as the panel finalizes its work on the MVI, some of the issues related to vulnerability could be addressed immediately by the international community.

71. However, to address systematic gaps, due reflection should be given to the potential MVI's acceptability and use by Member States, within the UN system and beyond.

72. Secondly, member States should reflect further on how to address the data challenges and needs of developing countries that will be required to ensure the proper use of the MVI. There is a great need for meaningful partnerships to assist with strengthening capacities of national statistical institutions and for appropriate support to improve data collection and statistical analysis, including high-quality and disaggregated data, from a regional perspective.

73. Third, strategic planning and ex-ante funding for resilience building need to be scaled up to protect vulnerable countries that are most exposed to the adverse effects of shocks of various dimensions and origins. A stronger focus on ex-ante strategies is needed as the business case for a preventive rather than curative approach is clear. Prevention has far lower human, financial and environmental costs than reaction and response. This is true for low frequency high impact shocks or hazards but also for higher frequency, lower impact shocks. Shock generated by instability is harmful for inclusive growth as it exacerbates existing inequalities and disproportionately affects the poorest and most vulnerable people. Considering vulnerability in the international cooperation frameworks of development partners is a critical aspect of its effectiveness.

74. Finally, it may be necessary to mainstream vulnerability and resilience, in a more systematic manner, into UN programmes at global, regional and national levels, the work of IFIs and MDBs and in the development assistances policies and programmes and policies of development partners.

**PGA Letter**

**Annex 1**

## TERMS OF REFERENCE<sup>1</sup>

### **High Level Panel on the Development of a Multidimensional Vulnerability Index for Small Island Developing States (SIDS)**

#### **1.0 BACKGROUND**

COVID-19 has once again exposed the vulnerabilities of SIDS, and as a result, has re-ignited their long-standing call for the use of vulnerability indices to facilitate their access to concessional resources. The economic fall-out suffered by these countries, has shown the urgent need for measures that better reflect the challenges faced by SIDS and that also enable the international community to find viable solutions to address these challenges. Gross National Income (GNI) per capita, which excludes the majority of SIDS from concessional development financing, is still considered by many donors and financial institutions as the most effective criterion for making eligibility decisions and financing allocations. The persistent use of GNI per capita (along with creditworthiness), as the primary criteria for determining access to concessional or grant resources captures neither who is most affected, nor who is least able to respond to exogenous shocks. New consensus needs to be built about what constitutes vulnerability, in order to encompass the multiplicity of inter-linking challenges which every State must now address.

In response to paragraph 8(a) of General Assembly Resolution 75/215, which called upon the Secretary-General *inter alia* to provide recommendations on the potential development, finalization and use of a Multidimensional Vulnerability Index (MVI) for SIDS, the Secretariat conducted a series of consultations<sup>2</sup> during 2021, which examined the work of UN and Non UN System entities that were developing, had worked on or had developed a multidimensional vulnerability index or vulnerability measures for SIDS. Based on these consultations the Secretary-General presented a set of recommendations in his report A/76/211 confirming *inter alia* that:

- i. It is possible to develop an MVI, within a short time span, based on a set of key guiding principles
- ii. That an MVI has several possible uses including for access to concessional resources and
- iii. In order to build consensus, the development of the MVI should be a member State driven process, which should be finalized by a high-level expert panel, headed by two eminent persons, one of whom should be from a SIDS, both appointed by the President of the General Assembly (PGA), tasked with finalizing the index.

In response, General Assembly Resolution 76/203 calls upon the President of the General Assembly to appoint the co-chairs and members of the panel and to task them with carrying forward work to finalize the MVI by December 2022, with inputs from all countries.

<sup>1</sup> These Terms of Reference are prepared by the Office of the President of the General Assembly and the Secretariat (UN-DESA and OHRLLS) in line with the mandate emanating from Resolution 76/203 and other relevant documents.

<sup>2</sup> See <https://sdgs.un.org/topics/small-island-developing-states/mvi>

## 2.0 OBJECTIVES AND SCOPE OF WORK OF THE PANEL

The objective of the high-level panel is to *carry forward work to finalize an MVI* in accordance with the mandate stipulated in paragraph 8(a) of resolution 76/203 and the guidance as set out in paragraphs 70-89 of document A/76/211.

In pursuing its work autonomously, the panel is expected to review all relevant literature and ongoing work on a multidimensional vulnerability index<sup>3</sup> and building on existing and ongoing work, provide for the consideration of Member States, recommendations on:

- A clear and coherent MVI taking into account the principles highlighted in paragraphs 80-83 of A/76/211, including its framework structure, indicators, a precise methodology for weighting and aggregating the indicators, and precise definitions of the main concepts including vulnerability, exposure, shock and resilience. A clear typology of shocks may also be included that would allow for the consideration of multiple dimensions in a coherent manner. The final product should also highlight the structural challenges faced by developing countries. Due consideration must also be given to the potential MVI's acceptability and use within the UN system and beyond, in particular international financial institutions (IFI), multilateral development banks and Member States.
- Key components (and subcomponents) of the MVI and validate them.
- Appropriate indicators for the MVI paying particular attention to data availability. Selected indicators must allow for clear separation between structural and non-structural factors, as well as, between factors of exposure to the shocks and factors of (lack of) resilience. Due consideration must also be given to data availability and reliability across all developing countries in the selection of indicators.
- Make evidence-based recommendations, on the most appropriate governance arrangements for the MVI, including modalities for the publication of MVI results and procedures for reviewing and/or revising the MVI and its components.

## 3.0 PANEL COMPOSITION

The PGA will appoint **12** members to the panel, including two co-chairs. They will be drawn from the public sector, academia, civil society, and private sector, with due consideration to regional and gender balance. The panel will include members;

- With an understanding of the complex and interrelated aspects of vulnerability in their 3 dimensions, risk and resilience building;
- Who have a grasp of the strengths and weaknesses of current eligibility and performance-based allocation systems used by IFIs and/or the international financial architecture and the access challenges of SIDS;

<sup>3</sup> <https://sdgs.un.org/topics/small-island-developing-states/mvi>

- With experience in designing and/or implementing policies in relevant domains in developing countries; and
- With intimate knowledge of the challenges faced by developing countries from different regions of the world and at different levels of economic and social development

*(Section 4 further outlines skills and competencies sought in the Panel).*

### 3.1 ROLE OF PANEL MEMBERS

The panel members will serve in their respective capacities and will have three roles:

- **Analytical:** the panel members will contribute their knowledge, experiences, and ideas to the group. They should jointly present the panel’s analysis and recommendations.
- **Topic leadership:** the co-chairs may request some panel members to lead aspects of the panel’s work based on their expertise.
- **Engagement:** They should participate in events and conferences, consultations, meetings with officials and other stakeholders, and other engagements relevant to the panel’s work, in coordination with the co-chairs, as necessary.

### 3.2 ROLE OF PANEL CO-CHAIRS

- **Panel leadership:** the co-chairs will lead the work of the panel as requested by the President of the General Assembly, including overseeing the timely delivery of outputs, chair plenary meetings and serve as the primary voice(s) to present the findings and recommendations of the panel. The co-chairs may designate panel members to lead aspects of the panel’s work based on their expertise.
- **Engagement:** throughout the term of the panel’s work, the co-chairs will represent the panel in engagements with stakeholders, including Member States, civil society, relevant private sector entities and international financial institutions, as relevant to the panel’s work.
- **Analytical:** the co-chairs will contribute their knowledge, experiences and ideas to the panel. They and panel members, should jointly present on the panel’s analysis and recommendations

Co-chairs and Panel members should, to the greatest extent possible, attend all meetings of the panel and the final report presentation.

### 3.3 DURATION OF PANEL, DELIVERABLES AND REPORTING OBLIGATIONS

The expected duration of the Panel will be for **11** months from 1 February to 31 December 2022.

The Panel will conduct its work in English, and all outputs must be delivered in English. The following are the Panel's deliverables:

- An interim report by 15 June 2022
- A final report no later than 31 December 2022.

### 3.4 PANEL SECRETARIAT

The Secretariat for the Panel will be the United Nations Department of Economic and Social Affairs (UN DESA) and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

The Secretariat will be responsible for producing and editing background papers and the panel's interim and final reports, supporting the panel's communications and outreach, coordinating the engagement of the Panel with all stakeholders, and organizing the panel's meetings and other events. UN entities and other agencies will be consulted to contribute to the work of the Secretariat, as required.

Those institutions who have contributed to the consultations on the development of an MVI i.e. the Commonwealth Secretariat, the Caribbean Development Bank, UNDP and the UN Resident Coordinators in SIDS Network, will also be invited to contribute to work of the Secretariat as required.

### 3.5 PROCESS AND CONSULTATIONS

The panel will function virtually but must be available for at least one (1) in person meeting. The Panel will establish its work programme and working methods at its first meeting.

As stakeholder buy-in and consultation is key to wide acceptance of the work of the Panel, the Panel will conduct inclusive and regular consultations with Member States and other interested and relevant stakeholders.<sup>4</sup> The panel will also conduct regular briefings with the General Assembly.

---

<sup>4</sup> This could include, among others, the IACG-SIDS, the International Monetary Fund, Organisation for Economic Cooperation and Development, Regional development banks, World Bank Group, Commonwealth Secretariat, Regional SIDS organizations

## 4.0 SKILLS AND COMPETENCIES OF PANEL MEMBERS

### Required Qualifications, Skills and Expertise

- An advanced degree in the field of economics or econometrics, economic vulnerability, economic research and analysis, economic policy formulation, application of economic principles, international development or similar field related to the economic aspects of vulnerability

**OR** in the field of environment and natural resources management, geography, planning, natural sciences, engineering, environmental/natural resources economic, or areas relevant to work on environment, climate change and disaster risk reduction issues

**OR** in social sciences, sociology, demography, population, statistics, economics, public policy, other relevant social science or field related to social vulnerability

**OR** in public sector management, public administration and or public sector finance

- Extensive relevant experience (minimum of 12 years) including as a practitioner at a senior level in the specific area of expertise **OR** be considered an eminent person or pioneer in a particular area of study within academia, or private sector
- A proven track record as an expert at a senior level in the economic and/or social and/or environmental aspects of vulnerability, risk, or resilience building within the public, private or civil society sectors and with knowledge and broad understanding of the complex and interrelated aspects of other vulnerabilities **OR** senior official in public administration and/or public or private finance and extensive public financial management experience at senior or managerial level.
- Demonstrated experience at a senior or managerial level in the design and/or implementation of policies in relevant domains with a track record of innovative thinking and driving policy initiatives to achieve development results.
- Strong qualitative and quantitative skills, with demonstrated experience in the measurement of vulnerability in any of its dimensions (economic, social, environmental) and/or resilience and with a solid grasp of the strengths and weaknesses of vulnerability indicators

### Desirable Skills and Expertise (not required)

- Prior work experience and proven results in a developing country in more than one region would be an asset
- Demonstrated ability to effectively interact and communicate with diverse stakeholders, including community groups, government officials, regional, intergovernmental organisations, international financial institutions, multi-lateral development banks and the multi-lateral donor community.



- Knowledge of the challenges faced by developing countries from different regions of the world and at different levels of economic and social development, with particular regard to economic related aspects of vulnerability such as, inter alia; export dependence, economic diversification, debt vulnerability, strategic import dependence, isolation etc.
- Knowledge of the international financial architecture and the access challenges of developing countries, and in particular, SIDS would be an asset
- Ability to translate analytical work into policy advice and operational, actionable, recommendations and to work effectively across sectors.
- A track record of innovative thinking and driving policy initiatives to achieve development results.
- Strong analytical and integrative skills to tackle multidisciplinary issues and a proven ability to effectively lead programs with a strategic vision and strong operational focus.
- Good partnership experience, including involving multiple stakeholders – both public and private, internal and external – in building collaborative alliances for results.
- Ability to lead corporate level dialogue on a broad range of issues related to vulnerability, risk and resilience.
- Prior experience in the development and/or use of indices would be an asset.

## 5.0 SUBMISSION OF CANDIDATES FOR CONSIDERATION

Interested Member States may submit through the respective Chairs of Regional Groups, names of potential candidates for consideration, along with a concise and detailed curriculum vitae, demonstrating their track record, and expertise as relevant to the work of the panel. Submissions may be sent no later than **14 January 2022**.

Submissions may be sent to [opga@un.org](mailto:opga@un.org), copied to Ms. Suzana Hrvatin ([hrvatin@un.org](mailto:hrvatin@un.org)) and Mr. Magnus Andresen ([magnus.andresen@un.org](mailto:magnus.andresen@un.org)).

For more information:

1. Mr Fakasoa Tealei, Team Leader (Climate Change, Ocean, and the Environment) ([fakasoa.tealei@un.org](mailto:fakasoa.tealei@un.org))
2. Ms Janil Greenaway, Senior Advisor on Sustainable Development ([janil.greenaway@un.org](mailto:janil.greenaway@un.org))