

The Multidimensional Vulnerability Index for SIDS

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Why MVI?

- For over 30 years SIDS have advocated for a revision of the graduation process that locks us out of concessional financing.
- Gross National Income (GNI) per capita is the primary measurement for the allocation of concessional financing and is the wrong tool for the job. It measures income and disregards the vulnerabilities of developing countries, in particular SIDS.
- Some SIDS' relative income makes them ineligible for concessional financing, therefore moving beyond GNI demands a new tool to measure a state's vulnerability to shocks.
- As crises worsen, we incur more debt and become less resilient, it's a vicious cycle whereby we are labeled as fiscally irresponsible and our credit rating is downgraded making debt more expensive to address within our small states.
- SIDS rely on external financing to help prepare & recover from these crises.

Opportunities and Benefits of an MVI

- Concessional financing across ALL areas of financing
- Easier access to funds
- Broader scope for eligible projects
- Enhance recognition of the vulnerabilities of SIDS

How we got to here, the MVI?

- AOSIS advocacy for an MVI has led to the UNGA in December 2020 (Resolution 75/215) requesting specific recommendations from the UNSG on the possible development and use of the MVI.
- In his report the UNSG recommended that 5 key principles (multidimensionality, universality, exogeneity, availability, and readability) be incorporated into the development of any MVI.
- Furthermore the UNSG's report also indicated that for an MVI to attract universal consensus and support, discussions on its development and use should be led and driven by Member States under the UNGA's auspices.
- Consequently UNGA Resolution 76/203 called for the PGA to establish a High Level Expert Panel (HLP), supported by the UNDESA and OHRL, to develop an MVI.
- The UNSG's 5 guiding principles are the core of the HLP's work which is meant to finalize the MVI.

The MVI High Level Panel

- The HLP is made up of 5 SIDS representatives, 4 from the Global North and 3 from the Global South and is co chaired by Prime Minister Gaston Browne of Antigua and Barbuda and Ms. Erna Solberg, the former Prime Minister of Norway.
- The MVI HLP delivered it's interim report on 4th August.
- A final report – the actual MVI; will likely be released by or before June 30th 2023

Understanding the Interim Report

- The interim report has established:
 - The MVI's narrative (Part 1: pages 3- 9),
 - The MVI technical structure / framework (Part 2: pages 10 - 20)
 - And provides the HLP's general remarks (Part 3: pages 21-23).



UNITED NATIONS



HIGH LEVEL PANEL ON THE DEVELOPMENT OF A
MULTIDIMENSIONAL VULNERABILITY INDEX

INTERIM REPORT

August 2022

Guiding Principles

The MVI now has six guiding principles as opposed to five as outlined by the UNSG;

- **Multidimensionality**
- **Universality**
- **Exogeneity**
- **Availability**
- **Readability**
- **Resilience**

The MVI's narrative:

This part focuses on the systematic consideration of vulnerabilities, the MVI's history, the need for an MVI, the HLP and its challenges:

1. Concepts and definitions:
2. The Principle of Universality:
3. Inclusion of the three dimensions of vulnerability in the index: economic, environmental and social
4. Defining the scope and perimeter of social vulnerability, structural resilience and the three dimensions of structural vulnerability:
5. Criteria for the selection of individual indicators.

The MVI technical structure / framework:

This part focuses on the MVI's overall structure which would guide the selection of the best indicators to inform vulnerability across all dimensions, has been agreed to as well as the MVI's key definitions:

- **Structural vulnerability:** *“The risk of a country’s sustainable development being hindered by recurrent exogenous shocks and stressors”*
- **Structural resilience:** *“The capacity to dampen the impact of, and quickly recover from shocks; and to adapt flexibility in response to stressors”*

Criticisms

of the MVI, Good and
Bad

The MVI has gained critique (some addressed at the procedure for creation and others its potential application and outcomes) under the following areas:

- Universality
 - Indicators
 - Exogeniety
 - Data
 - Support
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Universality vs. SIDS focused

- The MVI was originally a proposal made by SIDS to be used for the benefit of SIDS.
- The argument is that in order to remain consistent with the principle of universality 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 measured and included in the index.

Indicators:

There are two issues with the indicators under the proposed MVI:

(1) the manner of selection

(2) the weight and effect of the indicators in the overall Index.

Indicators: How should they be selected?

- There are differing opinions on what factors should be considered within the MVI itself. The suggestion is that the criteria for selection should involve the following:
 - 1- the rationale selecting each indicator should be evidence based
 - 2- the selected indicators must also be consistent with the objective of the MVI inter alia address the vulnerabilities of SIDS.
 - 3- data of the highest quality must be available for the selected indicators and it must be widely available for all developing countries and
 - 4- inputs from relevant UN and other international bodies will be critical.

Exogenous v Endogenous (SP)

- The previous slide highlights the schism between exogeneity and multidimensionality.
- Some members of the panel believe that the only factors that should be accounted for in this index should those that are exogenous (meaning of an external nature to the country in question) while others push for endogenous factors or internal policy issues that includes governance etc.
- This debate raises concerns for SIDS, we however believe the panel should focus on exogenous factors as this is weighted heavily in a favor of SIDS and the fact that the MVI is not a measurement of development but vulnerabilities that are based on external shocks.

Data Challenges

- Note that in the criteria for selection of indicators there must be evidence to support the selection as well “data of the highest quality” to allow for comparison across developing countries.
- Unfortunately, in general, SIDS face difficulties with gathering data, mostly no fault of our own. Where data is lacking for SIDS relevant indicators we have asked the panel to not disregard those indicators but to use proxies as a stop gap.

Support for the MVI

- Ultimately, developing the MVI is only the first step towards a solution. Determining, how exactly it will be best utilized within the global financial system and getting buy in from the relevant IFIs is the end goal and this is where AOSIS has activated very powerful tools in advocacy
- There is a real danger that positions by some middle-income countries, LDCs and developed countries might cause injury to the finalization of the MVI, the adoption or implementation.

More info
provided at a
second round