

**Ethiopia's First Round Comments on the Multidimensional Vulnerability Index submitted to the High-Level Panel on MVI**

**28 April 2023**

**New York**

1. The first point we would like to make is on GNI per capita. In our view, the exercise should aim to build on what we already have, improve what can be improved and bring in the relevant new dimensions.

We are fully aware of the discussion surrounding GDP as a measure of wellbeing. There are deficiencies in the tool to the extent that the scholar who developed the tool did not mean for it to be used the way we are using it now.

But the reality is we do not have a better tool. We welcome all efforts to overcome that. But in the meantime, it is important to capture the elements that GDP brings in the measurement of wellbeing.

2. Secondly, it is important to consider potential indicators not included in the current metrics but could be important either in sustaining or damaging livelihoods.

For example, it would be essential to view cyclical droughts as a source of vulnerability. There are regions that drought visits regularly. Every time it comes, it would mean the loss of livelihood. We see many indicators related to climate change and environment. And it would only be fair to give drought the weight it deserves.

3. Our third point is on economic vulnerability. Again, it is difficult to see why the share of manufacturing is not factored in singularly. We are talking about resilience and not being able to talk about manufacturing on its own is a source of concern. We of course understand that an argument can be made that the toolbox cannot bring in everything. But then these are issues that define our lives, our status and are as equally important.

4. Fourth, the current MVI toolbox should be able to measure each indicator in its entirety and comprehensively. In this regard, we see gaps, for instance, in the water related indicators.

One point that we find problematic is that the points given to '*Adequacy of water supply*' and '*Renewable internal freshwater resources*' as indicators are equal for each country considered in the tool. This assumes that '*Renewable internal freshwater resources*' are the only water resources. Why are we not considering groundwater? Why are we as well not considering sea water? There are countries with the financial and technological capability making use of sea water. And that is a reality. It can in fact be a measure of resilience instead of being simply left out.

Another point related to this is that some states could rank relatively higher on the freshwater indicators but then could be lower on WASH services. The issue here is therefore simply beyond freshwater resources. It is about the infrastructure and investment. The lack of financing makes people vulnerable and it is important that this variable is fully captured.

5. Fifth, we will continue to seek clarity on sources of metadata and how those are used precisely. We will of course explore that as we go forward. But we want to state the challenges that LDCs face in collecting data. As an example, the figures for Ethiopia on 'Food and fuel import dependency' is something that requires reviewing considering the share of budget we spend on food and fuel import. We are in fact not just 100% fuel importer but also landlocked, a variable which only adds to our vulnerability as costs and other considerations associated with land transport make it expensive. And the figure attached to the indicator in the framework seems not to capture that.

5. Finally, vulnerability index as espoused under the draft might not be an accurate description or measure of overall reality. Although we have not yet finalised reviewing the toolbox, our initial assessment is that it discounts the changes that countries manage to score by transforming their comparative advantages and disadvantages, including natural resources, and geographical and demographic assets, to become resilient. Perhaps, that is why we see some developed states ranking higher on the vulnerability index than LDCs. And we know that is not the reality. We are concerned that this could give a distorted outlook for any intervention the MVI is set to inform.