

**MVI CONSULTATIONS
SUBMISSION OF WRITTEN COMMENTS
UNITED STATES**

Introduction

The United States welcomes the opportunity to review and comment on the proposal put forward by the UN expert High Level Panel (HLP) on the MVI for SIDS. We congratulate the Panel on the quality of its work and its determination to add value to existing measures and set a high standard for a professional and evidence-based index that can evolve over time under the principles and rules the Panel has established.

Comments on Custodial Arrangements and Governance

- We greatly appreciate the proposal presented by the panel on MVI Governance. It is clear, gives evidence of substantial consultation and review of information pertinent to ongoing support and governance of an index such as the MVI. It incorporates lessons learned from predecessor indices. To remain credible and to encourage its application, the MVI must be appropriately maintained and allowed to evolve taking account of new evidence and remaining objective.
- We find that the proposed two-part structure of a MVI Secretariat and an independent Expert Review Panel is appropriate and similar to governance configurations for other data- or statistics-based measures. The proposed functions for the two components of custodianship are a good basis for start-up, understanding that there could be a need for change over time.
- We support the “creation an MVI Secretariat and the establishment of an independent High-level Panel of Experts (co-located in a UN Entity) to be responsible for the review of the MVI.” Experience tells us that the independence of the expertise is critical to ensuring the continuation of the characteristics of professionalism, credibility and evidence-based that the U.S. has emphasized throughout the Panel’s work. Allowing the UN custodial entity control over the expert panel could introduce policy or political considerations that would weaken credibility.

Comments on Indicators:

- 1) What does "vulnerability" mean? Rather than focusing on the inputs, what is the outcome? In other words, how does vulnerability manifest itself in a visible and measurable way? Many of the variables are just a consequence of being a low income country. In other words, how do we know which way the causality is running there? It's hard to determine if any of these variables make sense without knowing the exact uses.
- 2) Vulnerability and resilience are not defined in a way that provides sufficiently clear differences. While the Terms of Reference (TORs) may necessitate including both “resilience” indicators and “vulnerability” indicators, the actual calculation should be based on a single scale, with one end being “very vulnerable” and the other end being

very “resilient.” (Ref: slide 2 and 5). During the 9 May consultation for Developed Countries, one of the panel members suggested that the resilience measure should be read to understand “lack of resilience.” An alternative to the single scale could be an enhanced explanation by the panel in its report of the distinction between vulnerability and resilience and of how vulnerability and resilience are combined into the single quantitative value.

- 3) It is important that actual measures reflect their respective rationales for inclusion. In the case for the Trade Openness indicator, it suggests that autarky makes a country more resilient to exogenous shocks, however economic literature does not suggest this; rather we find that trade openness is associated with diversified risks to both global and domestic shocks and correlation with economic growth. Furthermore, the capacity to integrate with international markets as an indicator of resilience, with “connectivity” as a metric, is in direct opposition to including trade openness as a metric of vulnerability. We recommend keeping “connectivity” as a metric as this is more aligned with literature on resilience, with the possible exception or for the energy sector. Moreover, trade openness has an endogenous policy dimension to it. To focus more narrowly on the risk aspect, is it possible to refine this indicator to trade dependency, where the higher level of dependency quantifies the level of risk of exposure to external shock? (Ref: indicators 1 and 4 on the concepts and indicators sheet).
- 4) The capacity to integrate with international markets is an indicator of resilience, with “connectivity” as a metric. Please clarify the distinction between trade openness as a metric of vulnerability and connectivity as a metric of resilience. (Ref: slide 11)
- 5) The refugee status indicator should be refined. Instability due to the influx of migrants is often short term, while the benefits are well documented and long term. Where instability tends to exist, migration is often a proxy for weak institutions, poor infrastructure, or other metrics that would be better served by direct measures or are already captured. Instead of using refugee status as a stress indicator, we suggest including both in-migration, and out-migration rather than only one direction. (Ref: slide 11)
- 6) Racial and ethnic equity should be considered alongside gender equity. We suggest adding a measure on other types of equity or it should be acknowledged that this is excluded because of data limitations. (Re: slide 11)
- 7) We welcome ecosystem pressure and resilience to heat shocks measures included in the index.
- 8) While the Armed Conflict Location and Events Data (ACLED) is useful, the panel may want to consider adding the Heidelberg Institute for International Conflict Research (HIK) Conflict Barometer (National Power Conflicts and Subnational Conflicts) as well as the Global Conflict Risk Index (GCRI) internal conflict probability indicator in addition to ACLED to create a better composite risk measure than simply aggregating ACLED data.

- 9) It is not clear how useful the epidemic metric is. Epidemics are rare. A better metric might be one that captures health systems strength, which is more relevant to actual day-to-day vulnerability.
- 10) Understanding that this might be a data availability issue but there might be cases where a country has a lot of land and low population but with most of the population more heavily concentrated in and around urban settings. From this, taking the inverse of total population divided by square kilometers may miss how population density really is among certain countries. Has the panel considered other well-vetted resources where spatial data is used to better approximate population density? (Ref: social resilience, low population density indicator)

Comments on Methodology:

- 1) We note that the MVI proof-of-concept has only been calculated for a limited subset of countries and it is not clear how this list has been selected, which may not be aligned with the membership or eligibility criteria of the institutions which may be most interested in applying the MVI. We understand from the 10 May consultation for Developed Countries that the Secretariat to the panel interpreted the TOR to state that the panel should apply the MVI only to “developing countries.” The United States would suggest that the panel recommend calculating the MVI for all countries, thereby allowing each respective institution to determine whether and how to apply the MVI most appropriately for their context.
- 2) We suggest using percentiles as they are easier to interpret. We also suggest avoiding the aggregation issue by defining vulnerability and resilience using percentiles and a sliding scale approach. This approach would calculate the percentile rank of each country for each metric, and then the aggregation would be counting the number of times that country is in the top quintile or decile metric, for example. The preferred approach would depend on whether this will serve as a relative indicator or an absolute one in reference to each metric within the overall index. We also suggest avoiding the aggregation issue by defining vulnerability and resilience using percentiles and a sliding scale approach. (Ref: slide 12 and 17)
- 3) The humanitarian Index for Risk Management (INFORM) uses a similar methodology, using geometric and arithmetic means to combine and scale the data; we acknowledge that the quadratic MVI approach might make the most sense in this case. Our current risk indexes struggle to adequately capture SIDS locations, so we support specific efforts to adjust the risk models to this context. In addition, the quadratic mean gives greater weight to outliers (whether they are positive or negative), and the panel should consider whether that makes sense for the MVI. Another recommendation would be to use percentiles and aggregating based on the number of times a country is in the top decile of each indicator within each category of indicators. (Ref: slide 14 and 15)

- 4) As mentioned during several consultations, there are a lot of different approaches to create an index - simple weights for indicators and the use mean or median, use principal component analysis (PCA), and others. Would the Panel consider conducting additional sensitivity analyses using different methods for creating the MVI and comparing it to the quadratic findings? (Ref: slide 15)
 - a. Further to this point, the methodology proposed appears to result in some odd results. Afghanistan scores better than Singapore, but it's not clear that the latter is actually more vulnerable than the former. It is worth grounding the methodology and results in reality and recent experience with shocks.
- 5) Mechanically, the index has an implicit weighting though it does not have explicit weighting. By having a larger number of indicators that are collinear the index is implicitly weighting those concepts higher than others. We suggest careful consideration of whether indicators require equal weighting (therefore a reduction in the number of the environmental factors for example if the total number of environmental indicators is theorized to be the same in impact to the economic indicators).
- 6) Does the plotting imply that there are countries that are both vulnerable and resilient, or neither vulnerable nor resilient? We would suggest indicating on the plotting what the red dotted line and green dotted lines refer to. (Ref: slide 16)

Comments on Vulnerability/Resilience Country Profiles

- 1) We appreciate the centrality of addressing the structural vulnerabilities identified in the MVI and building structural resilience. However, we have substantial concerns about the proposed VRCPs. First and foremost, we are concerned that the VRCP will create undue burdens on the very countries that the MVI is intended to support. Developing quality VRCPs that achieve the intended goals will require technical expertise, resources, and data collection/analysis that many vulnerable countries do not have or that would be diverted from other national development initiatives. We strongly recommend that development of VCRPs be done on a strictly voluntary basis.
- 2) We also strongly disagree with the paper's recommendation that "the MVI Custodian Body (once and if established) will be in charge of translating the set of agreed principles (outlined in this paper) into operational coordination modalities that each country will be able to use and implement based on its own national context." The proposal for a modest MVI Secretariat and an external MVI Expert Panel would mean that their limited time and resources would be diverted from their primary functions of maintaining the quality, integrity, and maintenance of the MVI through analytical/substantive, operational, and capacity building work and secretarial services of maintenance of the MVI. Adding this responsibility to the Secretariat while expecting them to fulfill their core functions would require additional resources and programmatic and budget implications. Unlike the review panel that would be comprised of statisticians and data experts, VRCPs require programmatic and development policy experts, already available

elsewhere in the UN system (see point 3 below). Towards this end, we encourage the panel to propose alternatives to the VRCP and the body that would provide oversight and implementation.

- 3) The panel suggests that VRCPs can “Enhance, inform, and contribute to the formulation, implementation, and monitoring cycle of National Development Plans” and we propose that, in lieu of a separate country profile, vulnerability and resilience sections be formally incorporated into national sustainable development plans, or related existing processes noted below, on a voluntary basis for countries wishing to include them. We note that arrangements are already in place to support developing countries in their preparations of national development plans, voluntary national reviews (VNRs), integrated national financing frameworks (INFFs), and nationally determined contributions (NDCs). We see no justification for duplicating these existing hosting and support structures in the UN or elsewhere through the creation of a VRCP.
- 4) Some of our concerns are as follows:
 - a) The description appears to duplicate or overlap with, rather than “contribute to” the national sustainable development plans and Voluntary National Reviews in the 2030 Agenda, the Integrated National Financing Frameworks of the Addis Ababa Action Agenda and National Determined Contributions under the Paris Accord.
 - b) A separate profile would preclude recognition of the interconnectedness of exogenous and endogenous factors in vulnerability and resilience and ways of addressing them.
 - c) Many of the items in the illustrative list of thematic areas and encouragement to introduce a substantial number of additional indicators or data points would ordinarily be included in national sustainable development plans and would be redundant in a separate profile. The paper rightly points out that resilience has many entry points, often so integrated with other development objectives that resilience is part and parcel of those objectives, rather than stand-alone actions.
 - d) Developing countries, particularly SIDS and other small economies, have emphasized their capacity limitations for data collection and use and to meet the administrative barriers to access to certain sources of finance. The VRCP appears to be very data-intensive with “extended dashboards” and “appropriately costed responses.”
 - e) The proposal has cost implications for the listed “donor resources and technical support to be rendered by the UN system, international development partners, international finance institutions (IFIs) and multilateral development banks [MDBs], whose support is offered by the proposal without any prior discussion with these sources.

Comments on the MVI Presentation Slide Deck

We suggest the following edits to the MVI presentation slide deck.

- 1) **Slide 2:** Remove the word “deserve” in the first line. The word “deserve” is not objective and could politicize the initiative.
- 2) **Slide 2:** Replace “downward volatility” with “Negative shocks”
- 3) **Slide 7:** Regroup indicators into 3 groups of 6 (i.e., 6 indicators under economic, 6 indicators under environmental, 6 indicators under social). Regrouping this way can help identify high values of one indicator as more vulnerable, and low values of a second indicator as less exposed or more resilient. (SEE TAB 2)

Attachment(s)

Tab 1: [MVI Indicator Suggestion Form – Power Grid Resilience](#)

Tab 2: [MVI Structure Suggestion](#)