

## Comments for MVI Consultations

May 8, 2023

The United States thanks the panel for its robust and dedicated work on the MVI. We have advocated for minimum standards for a professional, objective, and credible MVI and we thank the panel for its efforts towards this end.

### **Indicators**

We are concerned that vulnerability and resilience are not defined in a way that provides sufficiently clear differences. While the Terms of Reference may have called for including both “resilience” indicators and “vulnerability” indicators, we believe the actual calculation should be based on a single measurement scale, with one end being very “vulnerable” and the other end being very “resilient.” (Ref: slide 2 and 5).

It is important that actual measures better reflect their respective rationales for inclusion. The Trade Openness indicator suggests that economic independence 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 a possible exception for the energy sector.

We would like to ask whether the HLP has considered incorporating a standardization of the population age across countries? For example, in 2022 the median age for Niger was 14.9 years while in Barbados the median age is 40.5 years. (Ref: social resilience, years of schooling)

### **Methodology**

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. We would suggest 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.

### **Vulnerability/Resilience Country Profiles**

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 Vulnerability/Resilience Country Profiles. We propose that vulnerability and resilience sections be formally incorporated into national sustainable development plans on a voluntary basis for countries wishing to include them in lieu of a separate country profile. We will submit our specific concerns with a separate profile in writing.

### **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. 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.

To that end, we support Option 2 proposed by the Panel. 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 a UN custodial entity control over the expert panel could weaken credibility.

Thank you.