

The EU and its Member States thank the President of the General Assembly and the Co-chairs of the High-Level Panel of Experts on a Multi-Dimensional Vulnerability Index (MVI) for Small Island Developing States, for the Interim Report provided on 5 August.

We wish to respond to their call for written input on the Interim Report, with deadline 30 August 2022.

General comments

The **EU and its Member States welcome the Interim Report**, which responds to UNGA resolution A/RES/76/203 and the subsequent terms of reference of the HL Panel, and provides a valuable step in the elaboration of the MVI, **which we support**. We thank the members of the HL Panel for their hard work, accomplished in very short time.

The EU and its Member States fully **acknowledge the need to strengthen resilience against future shocks** and to ensure a sustainable, equitable and inclusive recovery. In the UN, we need to address global interlinked challenges, including to end poverty as well as hunger and all forms of malnutrition, reduce inequalities and injustice, tackle climate change, biodiversity loss and environmental degradation, to promote global health, gender equality, universal social protection and decent work for all, to uphold human rights, like the right to adequate food, democratic principles, and to promote the rule of law and accountability. With less than a decade until 2030, we need to get on track before it is too late.¹

The development of a new Multilateral Development Index fits well within this overall effort of implementing the SDGs and **strengthening multilateralism**, recognizing the wider need to go “beyond GDP” in the metrics of sustainable development, and taking us all closer to that common aspiration formulated in Our Common Agenda.

On coverage and scope

It is uncontested that SIDS face development challenges and vulnerabilities that are **insufficiently reflected in the common national income indexes** such as GDP and GNI per capita.

As a suggestion, the final methodology of the MVI could be informed by the approach taken by the multidimensional poverty index which is based on goal-post indicators (2021 **Global Multidimensional Poverty Index/MPI**, Human Development Reports).

Moreover, we would like to point at the **Global Resilience Index Initiative**, undertaken by the Insurance Development Forum in close collaboration with Oxford University. Efforts taken by

¹ See EU Council Conclusions 18 July 2022, <https://data.consilium.europa.eu/doc/document/ST-11029-2022-INIT/en/pdf>

this initiative could link well to the MVI. Global Resilience Index Initiative - Greening Finance and Investment (cgfi.ac.uk)²

Many SIDS are middle- or even high-income countries, although exposed to a number of structural fragilities, which entails limited access to concessional IFI-funding and to Official Development Assistance. This also includes **Overseas Countries and Territories**³ (OCTs) recognized by the European Union. The EU and OCTs aim to enhance competitiveness, strengthen resilience and reduce economic and environmental vulnerability. The initial scope of the MVI could potentially further support this aim of the EU and OCT.

High structural vulnerability also characterizes **developing countries that are not SIDS**, especially many LDCs and Land-Locked Developing Countries.

With a view to ensure consistency, and of the decades-long origins of the MVI, we recommend to stick to the term used in UNGA Resolution A/RES/76/203 adopted on 17 December 2021, which refers to a **'multidimensional vulnerability index for small island developing states'** (para 8a), while keeping the index explicitly open also to vulnerable non-SIDS developing countries. This would be consistent with the principle of universality enshrined in the Secretary General's report (which in turn is essential to ensure comparability), while maintaining the focus of this process on SIDS, which is consistent with the mandate established by UNGA resolution 76/203.

We would also like to draw attention to the fact that, in its current form, the MVI only offers a national perspective. However, vulnerability may be experienced quite differently within a country. A possible future extension of the MVI to include **more granular, local data** could allow for more effective, targeted responses. This could also help accelerate the availability of financing at local level.

On structure and content

We welcome the clear structure of the overall framework of the MVI, which has three main **vulnerability components** (economic, environmental and social), and three corresponding main **resilience components** (economic, environmental and social).

² We would also welcome a link to the work previously done and good fit of the efforts by the Caribbean Development Bank. The CDB proposed in 2021 an internal resilience capacity-adjusted GNI using a Recovery Duration Adjuster (RDA). <https://www.caribank.org/newsroom/news-and-events/cdb-proposes-resilience-adjusted-gni-measure-small-island-developing-economies-access-concessional>

<https://www.caribank.org/publications-and-resources/resource-library/document/recovery-duration-adjuster>
In July 2022 at the HLPF and in August 2022 the CDB in the context of underlining the need for an MVI at the Wadabi Action Platform presented the RDA and a SIDS Vulnerability and Resilience Assessment Tool, a deep diagnostic of the inherent vulnerability and resilience capacity dimensions, for compiling national vulnerability-resilience profiles. <https://www.caribank.org/newsroom/news-and-events/speeches/high-level-political-forum-sustainable-development>
<https://www.caribank.org/newsroom/news-and-events/speeches/wadadli-action-platform>

³ Council Decision (EU) 2021/1764 of 5 October 2021 on the association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including Greenland).

It is fundamental to better reflect **political and security issues** in the proposed MVI methodology. These issues are linked to varying levels of state-fragility, which structurally hinders the development of fragile and conflict-afflicted countries. A truly universal and multidimensional index should give due consideration to these factors.

We appreciate the report's emphasis on disentangling **exogenous and endogenous factors** and we will pay attention to how this concretely translates in the list of indicators retained in the final document. The MVI should aim to offset existing structural inequalities among countries rather than sub-optimal policy decisions and institutional arrangements. This distinction should be applied to social fragility itself, despite inherent methodological difficulties.

The impact of **severe shocks** (such as climate change impacts, COVID-19 or economic shocks) should be evaluated a few months after they happen, to determine if and how they contribute to lasting and thus structural vulnerabilities.

To ensure a comprehensive understanding of structural vulnerability and resilience, the proposed global level assessment should seek to include representation from the humanitarian and **Disaster Risk Reduction** communities.

Given the particular importance of **climate change** to many SIDS (as well as to many other developing countries), we expect climate issues to feature prominently in the environmental vulnerability and resilience components.⁴ As there is an inextricable link between the vulnerability of SIDS and climate change, it would be useful to recognize the importance of climate finance, and SIDS' access to such finance.

It is fundamental to better reflect in the proposed MVI methodology the issues of sea-level rise, coastal erosion, increased acidification, deoxygenation and rising ocean temperatures, loss of biodiversity on sea and land, ocean pollution and every growing severity of natural disasters. We suggest to also consider taking into account data and methods underlying the Climate Vulnerable Economies Loss Report and the forthcoming Climate Vulnerable Monitor Update⁵. **Environmental vulnerability** could also take into account additional aspects such as the healthiness of ecosystems, environmental degradation, land coverage, urbanization, or biodiversity.

The foreseen **national vulnerability resilience profiles** could indeed offer a valuable new analytical tool to improve SIDS' and other developing countries' resilience, and be used by the respective countries as well as by international community.

⁴ We would welcome additional language such as provided in CDP Background Paper No. 17 ST/ESA/2013/CDP/17 Page 5: "In addition, SIDS are highly exposed to exogenous man-made longterm environmental shocks that threaten marine ecosystems, such as overfishing and ocean pollution. Many of these shocks are further aggravated by climate change."

<https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/CDP-bp-2013-17.pdf>

⁵ One methodological approach to reflect adequately the weight of a high exposure to one specific type of vulnerability is an aggregation formula (e.g. by the use of a quadratic rather than arithmetic average, as suggested in the 2021 OHRLLS report).

Use of the MVI

We note that the MVI shall **complement GNI** and help allocate resources, enable relevant partnerships to improve risk reduction and resilience building, especially in countries with structural vulnerabilities. A country scoring high on the future MVI, could particularly profit from the foreseen national vulnerability resilience profiles, which could raise their ‘attractiveness’ to donors.

However, the report does not clearly indicate how the MVI could be articulated with existing processes related to the **LDC category**, which should remain a key focus of the international community’s attention. The challenge of identifying ‘vulnerable’ countries disentangled from income status for directing concessional support also applies to concessional/donor support for risk finance and insurance solutions, such as the external financing of (sovereign) insurance premiums.⁶

For the donor and international finance community, the MVI will enable the formulation of **better partnerships**, more effective and targeted resources allocation, aimed at risk reduction and resilience building, ultimately giving rise to greater returns on the investments in developing countries, improved international development cooperation and by extension better development outcomes. The MVI is not a goal in itself. Its relevance will depend on its appropriation by Member States, and by relevant stakeholders in the field of financing for development, as well as its mainstreaming throughout the UN system. An MVI could indeed be used as an auxiliary tool for a better allocation of resources to countries deemed most vulnerable by the index, if donor countries so desire.

While a presentation of **existing funding initiatives and partnership arrangements** targeted to SIDS and other groups of vulnerable countries would likely exceed the scope of the report, a brief mentioning of some major relevant initiatives such as the IMF Resilience and Sustainability Trust approved in April 2022⁷, would better embed the MVI in important new developments and discussions.

A strong anchorage of the MVI in the **SDGs and the 2030 Agenda** will be key. There could be more references in the final report to the 2030 Agenda, the promotion of sustainable recovery aligned with the 2030 Agenda priorities, and the interlinkages between the various SDGs. To achieve the SDGs, especially in the context of SIDS, considering additional factors regarding vulnerability to external shocks can contribute towards building economic, social and environmental resilience.

It is unclear from the Interim Report if an **overall MVI-ranking of SIDS** (and other developing countries) is planned in the Final Report. It would be helpful to have clarity on whether this ranking would be included, and an assessment of its impact, both positive and negative.

⁶ A recent InsuResilience Policy Note provides further detail on suggested methods to assess country-level vulnerability for funding decisions around concessional support for risk finance solutions. For more detail, see also [Panda et al. 2021](#)

⁷ <https://www.imf.org/en/News/Articles/2022/04/18/pr22119-imf-executive-board-approves-establishment-of-the-rst>

We expect the **use, maintenance and update** of the MVI to be described in more detail in the final report. We would welcome the provision of sufficient time and opportunity to engage in advance of the finalization of the report.