

MVI – Recommendations for a Possible Governance Arrangement (Summary Version for Consultations)

Introduction

1. The Panel's second major deliverable, according to its terms of reference, is to “*Make evidence-based recommendations, on the most appropriate governance arrangements for the MVI, including modalities for the publication of MVI results and procedures for reviewing and/or revising the MVI and its components*”. This Paper presents the Panel's thinking of the most appropriate possible governance arrangements for the MVI for discussion with member States.

2. Governance relates to how an organization is managed, directed, and held accountable for achieving its strategic and operational objectives. A governance framework guides the decision-making and actions of an organization as it strives to attain the strategic goals and operational objectives outlined in its strategic plan and/or fulfill the obligations expected under its mandate.

Methodologies and Approach

3. Recognizing that the “*nature*”, “*use*”, “*upkeep*” and periodicity of “*Reporting*” on the MVI would likely dictate the governance architecture, the Panel in order to “*make evidence-based recommendations*”, undertook broad consultations with relevant UN and other entities, currently responsible for the upkeep and monitoring of existing indices.

Consultations

4. The Panel, consulted with the following:
- The United Nations Development Programm (UNDP) on the Human Development Index (HDI).
 - The UN Committee on Development Policy (CDP) which currently is responsible *inter alia* for the upkeep of indices for determining the criteria for the graduation of Least Developed Countries (LDCs).
 - the Organization for Economic Co-operation and Development (OECD) on their Multi-dimensional Fragility Framework.
 - the World Bank on their Human Capital Index; and
 - the United Nations Conference on Trade and Development (UNCTAD) on their Productive Capacity Index.

Findings

5. Following its Consultations, the Panel noted the following:
- (i) **Purpose** - each index, across the board, had a very clear objective(s) or purpose(s) and target (s) to measure, i.e., all had very well-defined issue(s) or item(s) to target or address.
 - (ii) **Personnel** - each index relied on the expertise of a core group of individuals, in the form of either a team, a secretariat, an office, or an expert group, tasked with essential responsibilities, irrespective of the existence of a written mandates or remuneration.
 - (iii) **Organs** - each organization, within their own respective set up, had very clear organizational allocation or demarcated areas of responsibilities, including for upkeep, verifications, and/or reporting.

- (iv) **Consultation** - each governance arrangement had very clear and credible consultations and review processes in place.
- (v) **Member States** - each arrangement had a clear mechanism for engagement with member States.
- (vi) **Capacity Development Component** - all arrangements had in one form or another, a capacity development component to assist targeted countries, including data and policy support.
- (vii) **Data** - all organizations acknowledged the importance and sacredness of data, its availability, credibility, and reliability in their work.

Analysis

6. Based on information gathered during consultations the Panel made the following analysis:

(i) Purpose

7. To determine the most appropriate governance arrangement for the MVI, it is essential, to ensure at the outset, that there is clarity on the purpose or reasons for constructing the MVI itself, its intended use, and its outcome(s), if any. Such clarity will assist in determining the number of personnel, the types of organs and the quantum of resources necessary for its upkeep, reviews, and reporting requirements. The MVI, as it is recommended by the Panel, has two very specific purposes. The first involves the identification of, “*the most vulnerable*” and the second is to allow vulnerable countries to provide granularity and greater characterization of their specific vulnerability and resilience factors, including non-structural resilience through the development of the vulnerability and country resilience profiles (VRCP). These profiles could be used to direct support and cooperation, to address the vulnerability in question and build resilience.

(ii) Personnel

8. In its examination of the numerical composition of personnel involved in the various indices consulted, the Panel noted that the number ranged from three to four analysts in the OECD’s State of Fragility Workstream, to thirteen salaried staff and ten to fifteen experts, in UNDP’s HDRO and SAP. The Panel is of the view that the responsibilities for deciding the precise number of personnel to be involved with the upkeep of the MVI should be left to member States and to the Agency they eventually decide to be the custodian of the MVI. At this stage however, the Panel recommends that in order to secure a continual credible governance arrangement, **the MVI will require two sets of personnel, each with its own specified roles and functions.** The Panel envisages that the functions and roles of these personnel will generally involve **secretariat services, operational work, analytical responsibilities, capacity building initiatives and substantive decision making.** Additionally, several of these personnel, **depending on the Organs on which they serve, will be doing so, in their personal capacity.**

(iii) Organs

9. Informed by its assessment of the information gathered during its consultations, the Panel is of the view that the MVI will be best governed/served by two distinct bodies or organs comprising of:

- (i) an ***MVI Secretariat***, with similar arrangements to those employed by the ECOSOC’s CDP Secretariat, the UNDP HDRO, or the OECD’s SFI; and
- (ii) (ii) an ***MVI Expert Review Panel***, mirroring the arrangements adopted by UNDP’s SAP and UNCTAD’s PCI High Level Advisory Body or by the ECOSOC’s CDP.

10. The roles and functions of personnel in the ***MVI Secretariat*** could include, but is not limited to the following:

- (i) *Secretariat Services* – convene and support to the meetings of the MVI Expert Review Panel and provide secretariat support to relevant Committee(s) of the UN General Assembly.
- (ii) *Analytical/substantive* – include but not limited to the identification of new concepts & indicators for possible future use, and conduct of technical assessments including weighting, improvements of methodology of assessment of indicators.
- (iii) *Operational* – collection of data, sourcing or accessing data from custodian agencies, constructing the indices and publishing MVI reports, at agreed intervals.
- (iv) *Capacity Building Works* – formulate and implement capacity development and policy-advisory activities, including the Vulnerability- Resilience Country Profiles.

11. The functions and role of the ***MVI Expert Review Panel*** may include but is not limited to:

- (i) The making of technical decisions on matters such as the methods of calculations, issues surrounding variables, on concepts, on aggregation techniques, and on additional indicators to be included in the MVI; and
- (ii) To consider, endorse and/or agree on any recommended MVI results prepared by the Secretariat including on the modalities for their publication and dissemination.

(iv) **Consultations**

12. Clear and credible consultations and review processes are vital to the overall success of any governance arrangement in delivering on its mandate(s). In light of its proposals on the two bodies to be responsible for the MVI, the Panel envisages that consultations between these two bodies, both internally and with their respective stakeholders will be influenced, dictated and or inspired by the nature of the subject matter under consideration. The ***MVI Secretariat*** for instance, will consult several custodian agencies on data, consult also as appropriate, certain categories of professionals such as statisticians, economists, environmentalists, social scientists, and bankers, but to name just a few, when evaluating, aggregating, or validating the indicators of the MVI. They will also be required, from time to time, in line with the work practice of its eventual custodian agency, to communicate with member States and other organs and bodies of the United Nations including the UN Statistics Commission, the UN General Assembly, and other multilateral institutions. Also equally important is the consultation processes within the home of the MVI Secretariat (i.e., the Custodian Agency) itself.

13. Members of the ***MVI Expert Review Panel***, either individually or collectively, while cognizant of the need for their independence and depending on the policies and the work practices of its Custodian Agency, will for instance, be required to consult with International Financial Institutions and Multilateral Development Banks and other relevant stakeholders, including among themselves, prior to making pronouncement or adopting decisions on items requiring their consideration, including on the reviews of indicators, the publication of MVI results and procedures for reviewing and/or revising the MVI and its components.

(v) **Member States**

14. As alluded to earlier, all governance arrangements of the existing indices examined during the Panel's consultation had clear mechanisms for engagement with member States. The Panel underscores the utility of replicating similar mechanism(s) for the MVI. Such a mechanism, in the Panel's view, given the universal nature of **the MVI, is a subject that should continue to be considered in a spirit of partnership under the auspices of the United Nations General Assembly.**

(vi) Data

15. Data is sacred for any index. The Panel confirms that the “*lack of data*” was the primary obstacle constraining its attempts to identify, the best possible indicators that correspond or falls within the agreed definition of structural vulnerability and structural resilience. It observed that this inadequacy was in most cases, mainly prominent amongst SIDS. The Panel suggests that the task of identifying, selecting, and validating indicators not presently included in their recommended MVI to be one of the priority tasks of the MVI Secretariat, including through extensive empirical research and a literature review.

Proposed Governance Options

(i) Governance Arrangement

16. The Panel has identified the following two possible options, for consideration as follows:

- Option One: - Creation of an MVI Secretariat and the issuance of additional mandate(s) to an existing UN Agency, to also act as the independent Expert Panel responsible for the review of the MVI.
- Option Two: - 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.

(ii) Procedures for Reviewing and/or Revising the MVI and its components.

17. Without prejudice to any subsequent decision of member States, the Panel recommends that information relating to the up-keep and review of the MVI, including its results, be on a biennial basis, brought to the attention of member States under the auspice of the United Nations General Assembly.

Pros & Cons

18. Under both options, the “*creation of an MVI Secretariat*” is inevitable. The group of personnel who will populate this body requires appropriate sets of skills and expertise to exclusively implement the roles and functions required of a secretariat. Internal consultation with relevant Department of the United Nations confirmed that tasks relating to the MVI are: “clearly *analytical/operational function – and needs to be separated from a statistical function (multi-purpose multi-use data collection), requiring additional pairs of hands*”. The MVI Secretariat will be only body, under both options, attracting budgetary consideration.

19. The Panel, provides “**Option One**” primarily in response to comments made by some member States during consultations, for avoidance of “*unnecessary creation of new bodies to house the MVI.*” The Panel attributes “economic consideration” to be the primary motivation behind such a comment, but rather less a consideration on the “need for good independent administration”. Panel also took note of other alternative views/comments presented by other member States who argued negatively about existing arrangements.

20. “**Option Two**” advocates the establishment of an “*independent High-level Panel of Experts*” to be responsible for the review of the MVI. The Panel envisages the members of this body to serve in their personal capacity, thus satisfying the “independent” test and will do so without remuneration, satisfying the “economic” test. This arrangement is similar to all the arrangements consulted, namely: the HDI’s SAP, the SFI’s Reference Group, the PCI’s High-level Advisory Board, and the ECOSOC’s CDP. The Panel is of the additional view that the creation of this High-level MVI Review Panel, facilitates adequately its preference for universality and independence.

Principles

21. The Panel recommends the following principles to guide member States in considering and in their eventual decision on the two recommended options, above.

- (i) Balancing the need for independent Experts and a mechanism that allows engagement with member States.
- (ii) Appropriate provision of resources.
- (iii) Freedom from undue influence- protecting the integrity of the index
- (iv) A governance mechanism that is well placed to influence uptake from member States, the UN system and from organizations outside the UN system.

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