

MODALITIES FOR THE DEVELOPMENT OF VULNERABILITY-RESILIENCE COUNTRY PROFILES

1. INTRODUCTION

Paragraph 42 of the Panel's Interim Report introduced the Vulnerability-Resilience Country Profiles (VRCP) as the second element in the MVI structure. The VRCPs are intended to complement the assessment of the MVI and are to be developed at the national level, *".....by vulnerable countries, to provide granularity and greater characterization of country specific vulnerability and resilience factors..."*

The Interim Report provides further details on the proposed intent, purpose and objectives of the VRCPs, suggesting *inter alia* that a VRCP would:

- Incorporate *"different indicators to the global dashboard, based on national priorities and available data, including indicators of non-structural vulnerability-resilience"* (Paragraph 56)
- *"Accommodate an in-depth analysis of non-structural resilience to enable the proposal of specific avenues to reduce vulnerability and promote enhanced resilience."* (Paragraph 33).
- *"Have an operational purpose as the avenue for investment, development cooperation and other support allowing for more targeted and deliberate action on vulnerability and resilience factors. The profiles should provide greater characterization of national vulnerability and articulate those areas of resilience requiring investment, cooperation and support."* (Paragraph 55)
- *"Allow for country ownership and be used to direct support and cooperation to address the vulnerability in question and build resilience".* (Paragraph 42)

Linking the VRCP to the MVI, recognizes that there are a variety of country contexts behind similar levels of vulnerability and country-specific pathways to close the vulnerability-resilience gap.

2. WHAT IS THE VRCP AND WHAT ARE ITS OBJECTIVES

The VRCP is a deeper, country-level diagnosis of a country's vulnerability and resilience conditions in order to enable the identification of key policy and other actions to build resilience, including appropriately costed responses. It can also, should a country choose to use it as such, provide a framework for managing and channeling international assistance to ensure that countries can better manage their vulnerabilities and build resilience to sustain progress and achieve irreversible gains.

The VRCP objectives are to:

- Provide a detailed, multi-dimensional vulnerability and resilience characterization at national level.
- Articulate and recommend priority, integrated, and costed interventions for resilience building at national level.
- Enhance, inform, and contribute to the formulation, implementation, and monitoring cycle of National Development Plans.

In effect the VRCP is the vehicle through which countries can move from the assessment by the index toward the formulation of appropriate policy and by extension the selection and prioritization of investments that are required to promote development objectives while also strengthening the country's internal resilience capacity. In that way, the VRCP functions not only as an assessment tool, as articulated in 1 above but also for the deployment of policies within a coherent, consistent framework that can be monitored, and provide a pathway from where a given country is to where this country intends to be as per its national sustainable development goals.

The detailed vulnerability and resilience characterization will be driven by an “extended dashboard” of indicators that are based on national priorities and available data. Indicators may be structural or non-structural and may reflect both vulnerability and/or resilience conditions.

To effectively characterize important vulnerability and resilience conditions, indicators for the extended dashboard could be drawn from *inter alia* the following 5 key thematic areas and measuring key issues that are important for both vulnerability assessment and resilience building.

While the list below is not exhaustive, it depicts the range of the thematic areas that could complement the selection of MVI indicators, in that they examine issues that are not currently considered in the global MVI index (non-structural factors) but are important to further contextualize a country’s particular situation.

- **Productive capacities indicators** (e.g. advancing digitalization; Leveraging knowledge creation; Economic diversification, etc),
- **social indicators** (e.g. building Human Resources; Health care; Social Protection and Labour; Gender Equality, etc.)
- **environmental indicators** (e.g. climate change adaptation; Promoting sustainable energy; Environmental Sustainability, etc)
- **institutional indicators** (e.g. Property Rights & Rule-based Governance; Quality of Public Administrations and public institutions; Quality of Budgeting and Financial Management, etc.)
- **financial indicators** (e.g. Diversified Financing Ecosystem; Strong regulatory environment, debt issues, etc.)

By tracking these areas and through the development of actionable road maps the VRCP could provide entry points for IFIs, MDBs and other development partners to complement national efforts towards resilience building, through *inter alia* smarter and better targeted resource allocations. Further work on the identification of a broad set of possible indicators for the dashboard could be advanced by the Secretariat that will be identified to support the Custodial arrangements for the MVI.

3. GUIDING PRINCIPLES FOR THE DEVELOPMENT AND USE OF THE VRCP

The VRCPs will be of high relevance to governments if developed through an inclusive, participatory, transparent, and thorough process of consultations at national and sub-national levels. If designed as a direct input to the national planning and budgeting process it can ensure that countries better address their vulnerabilities and build resilience to sustain progress and achieve irreversible gains in the frame of respective national development plans.

The following principles should also guide their development and use:

- VRCP development should be country-led and voluntary; All countries can benefit from the development of a VRCP. However, any donor resources and technical support to be rendered by the UN system, international development partners, IFIs and MDB for the development of the Profiles, could be prioritized for those countries that are in the greatest need: i.e. the most vulnerable as articulated by the index.
- VRCP development should be integrated into the National development Planning cycle to put vulnerability analysis and resilience building at its core. This will ensure economy of scale, national programmatic coherence and ownership. In practical terms, this implies the following:
 - o The development of the VRCP should contribute to the preparation of National Development Plans, Voluntary National Reviews, and Integrated National Financing Framework (INFF)
 - o The monitoring and evaluation aspects of the VRCP should not be a stand-alone process. It must be fully considered and embedded in the country’s monitoring and evaluation

mechanisms in the frame of the implementation of its National Development Plan, and the SDGs.

- VRCP should take into account different national realities, capacities and levels of development and will respect policy space and priorities. To the extent possible, VRCP development process should use existing national consultative and decision-making mechanisms to facilitate the preparation of the VRCP, using a ‘whole of government’ approach.
- VRCP should maintain a medium to long term development perspective, in accordance with the long-term national development plans of countries and should facilitate the use of a system thinking approach to resilience building, which fosters policy coherence and allows a country to identify, in an integrated manner, entry points where investments would have the greatest impacts.
- VRCP should be based on evidence, informed by country-led evaluations and data which is high-quality, available, accessible, timely, reliable and disaggregated by income, sex, age, race, ethnicity, migration status, disability and geographic location and other characteristics relevant in national contexts.
- VRCP should allow the consideration of structural and non-structural indicators as well as quantitative and qualitative indicators of vulnerability and resilience.

With these principles, the VRCPs should be able to facilitate actions to address vulnerability and build in-country resilience through: Risk-informed national, bilateral and multilateral cooperation policies; Evidence-based partnership development; Smarter resource allocations and strategic donor alignment to national priorities; Design of innovative financing mechanisms and approaches to debt restructuring.

4. COORDINATION AND METHODOLOGY

The Coordination and institutional arrangements at the national level for the development of the VRCP in partnership with multilateral institutions and a country’s development partners cannot be a ‘one size fits all’ approach. Country specific arrangements would need to be determined based on existing structures, needs and national priorities.

In this context and considering early stage of the overall MVI-related governance configuration, it is recommended 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.

Those operational coordination modalities will be formulated hand in hand with the development of the VRCP handbook¹ which will also be following the set of principles outlined in this report, and which would enable the provision of detailed guidance to countries in terms of methodology and coordination. The production of a VRCP Handbook could be delegated to the Custodial Body¹ for the MVI as an early output. The VRCP Handbook will also provide a standard structure for VRCP formulation in order to ensure consistency and comparability between VRCPs.

¹ Currently there are a plethora of approaches to developing ‘country profiles’ and vulnerability assessments. These vulnerability assessments and profiles vary from regional to national ones or the more generic, to the more specific ones e.g. the WB/IMFs Financial Sector Assessment Programme (FSAP). The common thread among these assessments, is that they include a coherent approach/structure that links a baseline assessment diagnosing challenges and strengths to key strategic reforms. In most instances, a roadmap for technical assistance needs that have been agreed with the government are also included. Some vulnerability related country profile and assessment examples are available from [UNCDP](#), [UNCTAD](#), [ADB](#), [World Bank](#), [European Union](#), [WHO](#), [UNEP](#), [FAO](#), [UNHABITAT](#). A more detailed study of the various methodologies and approaches will be important to learn any lessons, and to develop a VRCP Handbook following the set of principles outlined in this report.