

Summary of Panel Decisions Following Consultations with Member States

After engaging in consultations with Member States, International Financial Institutions (IFIs) and research institutions, the High-level Panel greatly appreciated the recommendations and suggestions received. Consequently, they proceeded with a thorough review of these inputs, taking them into careful consideration.

The comments received can be divided into two main categories:

1. Suggestions regarding indicators (for inclusion or exclusion) and,
2. suggestions regarding the technical framework of the Multidimensional Vulnerability Index (MVI).

Discussions on both categories of comments resulted in several changes and improvements to the MVI prototype. Here are the key decisions made:

Indicators:

- The indicator "**Trade openness**" was **removed** from the list.
- The consideration of "**External debt service over exports**" has been given significant attention. However, due to concerns regarding the quality and quantity of available data, the current MVI does not incorporate any debt indicators.

Furthermore, the panel discussed various suggested indicators that were ultimately not included in the index. These indicators are as follows:

1. **Internal conflicts:** The panel opted to reject this indicator due to its association with fragility rather than vulnerability. In addition, internal conflicts, are not considered external or exogenous shocks.
2. **People displaced by disasters:** This indicator was not included in the MVI on the grounds that it is correlated with the victims of natural hazards, an indicator that is already incorporated within the MVI and that encompasses both fatalities and affected populations.
3. **Malaria:** As this indicator is already included within the victims of epidemics indicator, the panel decided against inclusion in the MVI.

4. Manufacturing: The panel decided against including this indicator in the MVI based on the rationale that it fails to adequately capture the intended concept. The panel emphasized that a country's resilience should not be contingent solely upon the sector in which it specializes, regardless of concentration.
5. Population size and connectivity (reverse to the vulnerability pillar): The panel decided against using these indicators as they primarily reflect capacity rather than exposure to shocks.
6. Capital account liberalization: The panel decided against this indicator, deeming it to represent a policy rather than a structural factor.
7. ICT and energy-related infrastructure: The panel decided against including these indicators due to the unavailability of pertinent data, particularly with regards to time series data.
8. State capacity (budget execution, etc.): The panel decided against including this indicator in the MVI on the basis that it does not constitute a structural factor.
9. Income inequality: Although recognized as an important indicator, it was ultimately not included in the MVI after consultation with the World Bank due to significant number of missing values.
10. Poverty: This indicator was not included in the MVI due to its high correlation with income.
11. Population density: This indicator was retained and not eliminated from the index, as low population density is linked to development challenges, whereas high population density signifies a lack of resilience.

Technical framework:

- **The methodology for calculating the resilience pillar was modified** to better reflect the lack of resilience. The new methodology involves computing the lack of

resilience at the indicator level rather than at the pillar level giving the MVI more consistency through the calculation process.

- Other technical suggestions were extensively discussed but did not lead to changes in the methodology.
 - One such suggestion was to assign unequal weights to components, as proposed by some Member States. However, the panel concluded that there was no evidence-based approach to select weights fairly and achieve a universal index. Therefore, the decision was made to retain the use of equal weights, considering the lack of a clear alternative.

In conclusion, these decisions reflect the comprehensive analysis and considerations made by the High-level Panel following the consultations with Member States and IFIs.

Please see all the comprehensive list of indicators considered by the Panel but ultimately not included in the MVI.

The MVI is a living tool that requires periodic reassessment. As a result, variables that were previously considered but not used due to limited data or other issues, as well as new variables, should be taken into account during future revision processes. Overall, the availability of data poses a substantial constraint in constructing synthetic indices.