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Research Report

The genesis of end need for country vulnerability profiles

FERDI Policy Brief, No. B245

Provided in Cooperation with:

Fondation pour les études et recherches sur le développement international (FERDI),
Clermont-Ferrand

Suggested Citation: Guillaumont, Patrick (2023) : The genesis of end need for country vulnerability profiles, FERDI Policy Brief, No. B245, Fondation pour les études et recherches sur le développement international (FERDI), Clermont-Ferrand

This Version is available at:

<https://hdl.handle.net/10419/269857>

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The genesis of and need for country vulnerability profiles, besides a Multidimensional Vulnerability Index

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The need for country vulnerability profiles is linked to the difficulty of capturing in a single index, no matter how complex, the various kinds of vulnerability which developing countries may face. The Multidimensional Vulnerability Index (MVI) being developed by the United Nations has not removed the need for vulnerability profiles, but rather has brought them back into focus.

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► The origin of the country vulnerability profiles: what lessons can be learned?

The idea of developing vulnerability profiles came to me in 1999 while chairing a working group of the United Nations Committee for Development Policy (CDP). The purpose of the group was to find a consensus on how to introduce an economic vulnerability index which would replace the then existing economic diversification index as one of the three criteria for identifying least developed countries. This was at the Commonwealth Secretariat in Marlborough House, London, and the discussion was bogged down between a sophisticated, but unworkable, proposal from a consultant, and the one we were trying to push with the CDP. The issue was not just conceptual. For various island LDCs the issue was whether replacing the economic diversification index by a vulnerability index could reduce the risk of graduation from LDC status. Wishing to conclude the meeting, while recognizing that the economic vulnerability index we were proposing was imperfect, it seemed to me useful to refer to what had been done in international comparisons of poverty levels, where synthetic indices had been complemented by “poverty profiles”: so we agreed that it would be necessary to supplement the vulnerability index, which was to become the Economic Vulnerability Index (EVI), with “vulnerability profiles” to be established for LDCs eligible for graduation.

When the principle of adopting this vulnerability index was endorsed by the CDP in 2000 and 2002, the CDP requested that for countries eligible for graduation a vulnerability profile be prepared by the UNCTAD Secretariat. UNCTAD did so, and at the request of the countries concerned, collected arguments as to why their graduation was dangerous and therefore premature. This is why, without abandoning the vulnerability profiles entrusted to UNCTAD, the CDP, in

order to refine its judgement before issuing a proposal on the graduation of eligible countries, entrusted its Secretariat with the responsibility of assessing the impact that a graduation could have on the countries concerned (referred to as an “Impact Assessment”).¹

This brief historical review provides several lessons.

Firstly it highlights the consensus for having a “vulnerability profile” for each country as a complement to a universal index applicable to all countries: this remains the case, regardless of the progress made in the construction of a universal index so that the specific vulnerability of each country can be properly reflected.

Secondly it shows that it is necessary to clearly define the purpose of these profiles and their scope of application. Previously the aim had been to help the CDP in its work of identifying the least developed countries, principally for their graduation, but possibly also for the inclusion of new countries. In the case of the MVI, since its construction was originally launched at the request of small island states, it would be conceivable that these profiles could be established as a priority for these countries. But these profiles are not equally useful for all countries; and given the stated principle of universality of the MVI, highly vulnerable countries, other than SIDS, would be justified in requesting such a profile for themselves. In short, all developing countries are likely to be the subject of a “vulnerability profile”, but to be meaningful, their implementation will have to be gradual and therefore initially selective.

Thirdly, depending on which agency is responsible for preparing the vulnerability profiles, its judgment may be influenced by its position within the international system.

1. See more details in Guillaumont, P. (2019) *Out of the trap: Supporting the least developed countries*, Economica-Ferdi, 324 p. Chapter 7, written with Alassane Drabo.

This is why there are two possibilities, the first of which is to establish a general method for constructing vulnerability profiles, the application of which would be entrusted to an independent body within the United Nations system (OHRRLLS, UNCTAD or CDP). The second is to leave it up to each organization to draw up vulnerability profiles for the countries under its jurisdiction according to the use it wishes to make of them (for example, a regional development bank may wish to use them to adapt the lessons drawn from the MVI for the allocation of the concessional funds it grants, or the CDP may wish to make recommendations about LDC graduation or inclusion).

► A double question of method

Vulnerability profiles should be based on a reasoned discussion of the relevance of the indicators used by the MVI for the country in question, and should also highlight elements of vulnerability or resilience which are not sufficiently captured by the MVI. Even if the vulnerability profile is prepared using a rigorous methodology, it should remain a primarily qualitative exercise. It should not be designed as a means of adjusting the final value of the MVI components, since its value would then lose its comparative meaning because the values for other countries would not be modified accordingly.

Naturally, if an international or bilateral organization for its own analyses or operations wishes to amend, correct, or modify the MVI adopted by the Panel, it can do so, but it should use the MVI only if their corrected index conforms to the principles of multidimensionality, universality, and separability that make comparisons between countries relevant, and allows it to use the index for operational purposes.

► Broadening the scope of components or deepening their relevance

Let us mention a few areas in which a vulnerability profile would be useful and whose purpose must be clarified.

One area is that of shocks whose specific nature cannot be captured by existing indicators. For example, while the risk of sea level rise can be assessed fairly well in physical terms, given the size of the floodplain, it is more difficult to measure the risk of glacial lake outbursts due to global warming in countries such as Nepal or Bhutan. While this risk cannot be captured in the MVI along with sea level rise, it is important that it be examined in a vulnerability profile.

Another more general area is the division between what is structural and what is the result of current policy, particularly for the measurement of resilience: the MVI should seek to give a general answer to this question, but it is clear that the dividing line can be discussed in a country-specific way, which then has a place in a vulnerability profile, as long as it is prepared by an independent body.

In fact, there are potentially two parts to a vulnerability profile.

First is to look at the relevance of the MVI indicators to ensure that the level of this composite index properly reflects the relative level of multidimensional vulnerability of the country. Only significant differences with what the MVI indicates should be taken into account in the vulnerability profile: Indeed, minimal differences could be noted in the other countries for which the composite index is calculated, without having a significant impact on their relative position with respect to the MVI.

Secondly some country-specific forms of vulnerability could be examined which are not captured in the calculation of the MVI, because for these kinds of vulnerability it is often extremely difficult to distinguish between what is structural and what is due to current policy. This is particularly the case for so-called “debt vulnerability”, which rightly has been left out of the MVI. Of course, these other forms of vulnerability, by their very nature, cannot be used in the same way for international policy as those that shape the MVI.



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n° ISSN : 2275-5055

