FINANCING TRANSITIONAL JUSTICE THROUGH THE MULTIDIMENSIONAL VULNERABILITY INDEX

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I. Introduction

For the last decade, scholars, practitioners, and development institutions alike have called for integration of the fields of international development and transitional justice.[1] In 2011, when the Word Bank released its report focused on conflict, security, and development, the World Bank established a Fragility, Conflict, and Violence team focusing on conflict-affected regions.[2] At the same time, the first United Nations ('UN') Special Rapporteur on the Promotion of Truth, Justice, Reparation and Guarantees of Non-Recurrence ('Special Rapporteur') began advocating for integration of the fields of development and transitional justice, considering they already overlap in practice in post-conflict countries.[3] The case for integration highlights the crucial need for development that not only addresses past harms and structural challenges but also averts humanitarian violations so as to foster meaningful societal development, non-recurrence, and prevention – while also ensuring a sense of justice.[4] This paper locates itself within this framework of integrating transitional justice with development, with particular attention to extending the Special Rapporteur's suggestion of exploring how the field of economic development can benefit transitional justice.[5]

With the UN and the World Bank's *Pathways to Peace Report,* and the Summit for the Future seeking reform of the international financial architecture,[6] it is well-recognized that redictable, targeted, and innovative financing is the key to conflict

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1. *See, e.g.*, Pablo de Greiff, *Transitional Justice and Development*, in Bruce Currie-Alder, et. al., International Development: Ideas, Experience, and Prospects 413 (Oxford, 2014) [hereinafter *Greiff*].

2. *See* World Bank, *World Development Report 2011: Conflict, Security, and Development* (2012); World Bank, *World Bank Group Strategy for Fragility, Conflict, and Violence, 2020-2025* (2020) [hereinafter *WBG FCV Strategy*].

3. *See Greiff, supra* note 1, at 413.

4. *Id.*; Juan Pablo Bohoslavsky, *Tracking Down the Missing Financial Link in Transitional Justice,* 1 Int'l Hum. Rts. L. Rev. 54, 55 (2012).

5. *See Greiff, supra* note 1, at 423.

6. *See generally,* U.N. and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, xxi (2018) [hereinafter *Pathways for Peace*]; U.N. General Assembly, *Pact for the Future, Global Digital Compact and Declaration on Future Generations*, ¶¶ 30, 32, A/RES/79/1 (22 September 2024) https://www.un.org/sites/un2.un.org/files/sotf-co-facilitators-zero-draft_pact-for-the-future.pdf [hereinafter *SoF Zero Draft*].

prevention and recovery.[7] Currently, concessional financing from international financial institutions is based on income levels or production levels of a country, i.e. the Gross Domestic Product ('GDP') and Gross National Income ('GNI'). As has been highlighted by various developing countries recently, pure income or production-based indicators do not capture the complexity and vulnerability of countries.[8] Such indicators restrict vulnerable countries' access to cheaper financing and makes their development challenging despite moderate or high levels of income or production.[9] Even when such financing accommodates the interests of conflict-affected countries, as confirmed by the latest report by the World Bank, it does so on an *ad-hoc* basis, with no clear indicators to distinguish within the group of fragile, conflict, or violence-affected states. This leads to inconsistent financing and funding being dedicated to firefighting, humanitarian aid, or immediate conflict response, rather than prevention, structural development,[10] or reparations of social relationships among conflicting groups.[11] Thus,

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7. *See Pathways for Peace*, *supra* note 6, at 249, 255, 287-8. (The report notes how "unpredictable aid flows are creating major constraints on efforts to prevent relapse of violent conflicts". It suggests combining different forms of financing, making concessional financing available, and "targeted action" like "Economic reforms, redistributive policies, and infrastructure investments").

8. *See, e.g.,* U.N. General Assembly, *Sustainable development: follow-up to and implementation of the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States*, A/RES/78/322, 13 August 2024.

9. *See generally,* Organisation for Economic Co-operation and Development, *Financing for Development in Small Island Developing States: A Focus on Concessional Finance*, in Making Development Co-operation Work for Small Island Developing States 22, 95 (2018) [hereinafter *OECD*]. ("Most SIDS compare relatively well to other developing countries in terms of gross domestic product (GDP): three fifths of SIDS qualify as upper middle-income countries"; "The assumption underlying the current global system of concessional finance that higher per capita income levels allow countries to mobilise domestic and international capital may hold for larger economies, but does not generally apply to SIDS […] these factors constrain the ability of SIDS to mobilise greater public and private domestic resources, and international private finance.")

10. *See Pathways for Peace, supra* note 6, at 255; Laurence Chandy et al., *Aid Effectiveness in Fragile States*, 2-3, Brookings Institution (2016).

11. *See* Daniel Bradlow, *Private Finance, Social Responsibility, and Transitional Justice: The Case for South African Reconciliation and Development*, 15(1) Human Rights Brief 7 (2007).

international institutions have been asked to offer long-term solutions to address protracted conflicts.[12]

Instead, as also identified by the combined report of the UN, European Commission, and the World Bank, the better approach would be to secure funding that targets structural factors. This approach would strengthen disaster-affected countries in the long-term, enabling efficient utilization of development financing and cooperation among international institutions.[13]

One such method of ensuring streamlined and targeted financing is developing appropriate and adequate indicators.[14] In response to this need for predictable financing that targets structural factors of conflicts and supports transitional justice, this paper identifies a novel universal indicator – the Multidimensional Vulnerability Index ('MVI') – which was created to finance development based on a country's vulnerabilities rather than its GDP and GNI.[15] Similar to the prevention approach in transitional justice,[16] the idea behind the MVI is to prevent destruction of countries from climate or other vulnerabilities while simultaneously helping these countries adapt to shocks because prevention, rather than redressal, has far less human, financial, and environmental costs.[17] The use of the MVI for conflict-affected contexts also aligns with the UN's aims for the Summit of the Future – namely, enhancing focus on policies that have multiplier effects across the Sustainable Development Goals.[18] Until now, the MVI has focused on the needs of

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12. *See, e.g.*, World Bank, *Preventing Conflicts by Promoting Sustainable Development*, 23 August 2017, https://www.worldbank.org/en/news/feature/2017/08/23/preventing-conflicts-by-promoting-sustainable-development. (Describing the international community calling on institutions to provide solutions).

13. *See* Terry Jeggle & Marco Jeggle, *Post-Disaster Needs Assessment: Lessons from a Decade of Experience*, World Bank Group, 16, 19 (Jan. 1, 2018).

14. *See generally,* Kevin Davis et Al., *Governance by Indicators: Global Power through Quantification and Rankings,* 15, 180 (Oxford University Press 2012); Eurostat, *Statistics in Development Cooperation – Development Indicators*, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_in_development_cooperation_-_development_indicators.

15. *See* U.N. High-level Panel on Development of a Multidimensional Vulnerability Index, *Interim Report*, 4 (2022) [hereinafter *Interim Report*].

16. *See* UN Human Rights Council, *Report of the Special Rapporteur on the Promotion of Truth, Justice, Reparation and Guarantees of Non-Recurrence*, ¶ 36, A/HRC/30/42, 7 September 2015.

17. *See Interim Report*, *supra* note 15 at 23.

18. *See SoF Zero Draft*, *supra* note 6, at ¶ 25.

small island developing states ('SIDS') and on accounting for climate change vulnerabilities. However, this paper argues that the MVI's utility can be extended to supporting transitional justice processes in both prevention and post-conflict contexts. In doing so, this paper analyzes: in Part II, some of the most relevant current social indicators that measure a country's fragility and vulnerability to conflict; in Part III, the features, inception, and purpose of the MVI; and, in Part IV, how and why the MVI could accommodate vulnerabilities related to conflicts, thus supporting transitional justice processes and targeted development for post-conflict reconstruction and prevention.

II. Indicators for Conflict Affected Countries

There are certainly other indices that would be relevant for discussion on how vulnerability to conflict can be measured. These indices have already been developed to measure a country's vulnerability to conflict, a country's fragility, its sociopolitical environment, and the impact of possible funding and projects in conflict-affected countries. However, none of these indicators have been used consistently to direct concessional financing for systemic improvements to a country's transition post-conflict or for prevention of conflicts.[19] A brief overview of these indices is still relevant for a comprehensive discussion of how the inclusion of vulnerability to conflict in the MVI would be a novel and much needed change to the current range of conflict-related indices. This section provides an overview of prominent indicators that have been commonly used to measure countries' vulnerability to conflict before discussing shortcomings and why MVI should be preferred.

A. *Commonwealth Universal Vulnerability Index*

The Commonwealth Universal Vulnerability Index ('UVI') was designed to assess and measure the vulnerability of countries.[20] It was developed by the Commonwealth Secretariat and the Foundation for Studies and Research on International

19. *See Pathways for Peace, supra* note 6, at 255.

20. *See* The Commonwealth, *The Commonwealth Universal Vulnerability Index*, xi (2021).

Development, aiming "to achieve a universal consensus" on the definition and measurement of vulnerability.[21] The UVI separates measurements into two primary components: structural resilience and structural vulnerability.[22] It further divides vulnerabilities into economic, climatic, and socio-political, while also factoring in resilience in terms of infrastructure and policy performance. This is an expansion of existing indices like the Environmental Vulnerability Index or the Climate Vulnerability Index that measure climate change or environmental vulnerabilities only. The UVI then charts an axis that balances vulnerability against resilience. This distinguishes it from other indices like the Human Development Index or the Fragile States Index, which do not address vulnerability but focus on fragility broadly. Notably, it will be important to this paper's later discussion that the UVI measures only structural vulnerabilities, i.e., exogenous vulnerabilities, similar to the MVI.[23]

The UVI has been applied to 138 developing countries, using widely available data.[24] However, the UVI mainly relies upon the number of armed conflicts, deaths, or terrorist incidents to determine socio-political vulnerability, and only considers internal violence to assess sociopolitical vulnerability,[25] which is a very limited assessment of vulnerability to conflict. This also poses the problem of rewarding countries that have the greatest number of conflicts, discussed further in Part IV.B *infra*.

B. *Peace and Conflict Impact Assessment*

The Peace and Conflict Impact Assessment ('PCIA') is a tool for assessing how an intervention, with particular attention to development projects, may affect, or has affected, the dynamics of peace or conflict in a conflict-prone region, and therefore how development projects, peacebuilding initiatives,

21. *Id.*
22. *Id.* at 5, 15.
23. *Id.* at 4.
24. *Id.* at 22.
25. *Id.* at 13-14.

humanitarian interventions, and policy formulations may be designed appropriately.[26] It focuses on two critical aspects:

Peacebuilding Impact: Factors that improve the likelihood of peace and decrease the likelihood of violent conflict.

Conflict-Creating Impact: Factors that increase the likelihood that conflict will escalate through violence.[27]

PCIA is unique in the fact that it recognizes that development projects can impact peace and conflict dynamics beyond their immediate developmental outcomes. Notably, the PCIA is integrated into every stage of the project cycle—design, implementation, and evaluation—to ensure that peace and conflict considerations are woven into project planning and execution.[28]

Some specific contexts where the PCIA has been used include Mozambique's community development projects,[29] post-conflict Afghanistan to consider the impact of development projects on stability and social cohesion,[30] and humanitarian assistance strategies in the Darfur crisis.[31] However, since the PCIA is a project-specific impact assessment, it does not lend itself to prospective financing for conflict-affected countries consistently or for assessing and comparing vulnerability to conflict at large.

C. *Conflict Vulnerability Analysis*

USAID also created an analysis tool, the Conflict Vulnerability Analysis ('CVA'), which assesses the risk of conflict and fragility in countries. CVA's aim is to provide a concise analysis of conflict-related issues and their impact on USAID assistance programs.[32]

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26. *See* Kenneth Bush, *Hands-On PCIA – A Handbook for Peace and Conflict Impact Assessment*, 5 (2009).

27. *Id.* at 5.

28. *Id.* at 6.

29. *See generally,* Lisa Bornstein, *Peace and Conflict Impact Assessment (PCIA) in Community Development: A Case Study from Mozambique*, 16(2) EVALUATION 165 (2010).

30. *See* Friedrich-Ebert-Stiftung, *Peace and Conflict Impact Assessment, Methodical Guidelines*, 7, (2007), https://library.fes.de/pdf-files/iez/05594-guiedelines.pdf.

31. *Id.* at 11.

32. *See generally,* USAID, *Conflict Vulnerability Analysis*, April 2001, https://carleton.ca/cifp/wp-content/uploads/1069-1.pdf.

Primarily, CVA aids in:[33]

Conflict mapping, i.e., identifying conflict dynamics, actors, and hotspots.

Assessing indicators of conflict risk, i.e.:

Structural risk: Examining underlying factors (e.g., governance, inequality).

Social tension and fragmentation: Analyzing social divisions.

Viability of state: evaluating state capacity and stability.

Population conflict risk assessment, i.e., assessing communities' capacity to manage conflict and considering peacebuilding efforts and tension management.

Identifying and assessing response options, i.e., developing strategies to mitigate conflict.

Developing conflict policies and programs, i.e., integrating conflict perspectives into planning and implementation.

Notably, USAID missions in Sub-Saharan Africa have integrated CVA into their strategies especially in countries like Angola, Ethiopia, Kenya, Namibia, Sudan, and Zambia.[34] However, the CVA is not comprised of purely exogenous factors and therefore cannot be used or imported directly into the MVI. Moreover, it does not provide a clear quantitative assessment of vulnerability and is more focused on analyzing and understanding the causes of conflicts.

D. *Global Conflict Risk Index*

The Global Conflict Risk Index ('GCRI') quantifies the statistical risk of violent conflict in a country over one to four years. This index was developed by the Joint Research Centre ('JRC') of the European Commission and is based entirely on quantitative indicators derived from open data sources.[35] The GCRI seeks primarily to enhance the European Union's ('EU') conflict prevention capabilities. It particularly assists with the EU's conflict early warning framework, identifying the countries that may be at high risk for conflict or for undergoing

33. *Id.*

34. *Id.*

35. *See generally,* Matina Halkia, Stefano Ferri, Marie K. Schellens, Michail Papazoglou, Dimitrios Thomakos, *The Global Conflict Risk Index: A Quantitative Tool for Policy Support On Conflict Prevention*, 6 Progress in Disaster Science 1 (2020).

significant risk escalations. Notably, this is one of the few indicators focused on conflict prevention and therefore, may be more directly relevant in the transitional justice and prevention context.

The GCRI's key features include the use of twenty-two variables across five dimensions: social, economic, security, political, and geographical/environmental.[36] Hence, it is broader than the existing indicators which focus on economic, social or environmental causes of conflict alone. The GCRI's dimensions encapsulate structural conditions associated with the likelihood of violent conflict; its data has been gathered since 1991 which is then used to forecast future conflict risks. It is especially relevant that the index evaluates risks related to various types of conflict, including state-based conflicts, non-state conflicts, and one-sided violence. In this way, the GCRI provides a nuanced understanding of the multifaceted nature of conflict.[37]

Even though the GCRI emerges from the EU agenda on conflict prevention, it has been used in both EU-based conflict prevention and conflict more globally to obtain a quantitative baseline evaluation of armed conflict risks.[38] However, the GCRI is exclusively based on quantitative data from open sources and therefore its data may be more sensitive to biases or limitations depending on the collection methods and geographic coverage. It may also miss important qualitative factors like social grievances.[39]

E. *Ethnolinguistic Fractionalization Index*

The Ethnolinguistic Fractionalization Index ('ELF') measures the probability that two randomly selected individuals

36. *Id.* at 2.
37. *Id.* at 5.
38. *Id.* at 5.
39. *See, e.g.,* Resource Watch, *Global Conflict Risk Index*, July 2017, https://resourcewatch.org/data/explore/soc055-Global-Conflict-Risk-Index?section=Discover&selectedCollection=&zoom=3&lat=0&lng=0&pitch=0&bearing=0&basemap=dark&labels=light&layers=%255B%257B%2522dataset%2522%253A%2522795a7ceb-ebc1-4479-95ad-76ea4d045ad3%2522%252C%2522opacity%2522%253A1%252C%2522layer%2522%253A%2522cfb9e2f8-e34d-41e8-b7f9-bcb1d9201919%2522%257D%255D&aoi=&page=1&sort=most-viewed&sortDirection=-1.

from a population belong to different ethnolinguistic groups.[40] Accordingly, ELF demonstrates a given country's diversity, with values ranging from 0 (completely homogeneous) to 1 (completely heterogeneous).[41] The value of ELF being higher would be an indication of more societal fragmentation in a society and consequently, greater difficulties in governance, greater potential for conflict, and complex policy implementation.

The standardization provided by ELF ensures consistent comparisons across different national contexts, enhancing the reliability of cross-country analyses.[42] The ELF index has evolved into many variations and subdivisions over the last few decades.[43]

Some examples of ELF implementations include using it to show the negative correlation between ethnic diversity and economic performance, concluding that diverse societies tend to have lower levels of public goods provision and higher corruption.[44] ELF also features in models predicting the likelihood of civil conflict, such as a study showing that higher levels of ethnolinguistic fractionalization correlate with increased risk of civil war.[45] Country-specific examples of ELF include:

Nigeria: Nigeria's high ELF score depicts its complex ethnic and linguistic landscape, which has been correlated to challenges in governance, political instability, and conflict in regions like the Niger Delta and northern states.[46]

India: Contrary to Nigeria's study, India has a high ELF score, but nonetheless, its governance is largely stable. The stability is attributed to India's policies promoting linguistic and

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40. *See* Charles L. Taylor & Michael C. Hudson, *World Handbook of Political and Social Indicators* (1972) in *Rodrik*, at 389.

41. *Id.*

42. *Id.*

43. *See* Stéphanie Cassilde and Kelly Labart, *A Pluri-Ethno-Linguistic Fragmentation Index,* in 23 Revista Internacional de Organizaciones 223, 225 (2019).

44. *See* Alberto Alesina et. al., *Fractionalization*, 8 J. Eco. Growth 155 (2003).

45. *See generally,* JD Fearon and David Laitain, *Ethnicity, Insurgency, and Civil War*, in 97(1) American Political Science Review 75 (2003).

46. *See* Tim Wegenast and Matthias Basedau, *Ethnic Fractionalization, Natural Resources and Armed Conflict*, 31(4) Conflict Management and Peace Science 432, 450 (2014).

ethnic representation, decentralized governance, and affirmative action.[47]

Former Yugoslavia: The disintegration of Yugoslavia in the 1990s is often analyzed through the lens of ethnolinguistic fractionalization, where high ELF scores contributed to ethnic conflicts as the central government weakened. The fragmentation of Yugoslavia into smaller, ethnically homogenous states highlights the potential for ethnic diversity to drive secessionist movements and civil war when coupled with weak central authority.[48]

This difference between stability of countries notwithstanding similar ELF scores demonstrates the shortcoming of this method. Further, even though the ELF index has been useful in indicating vulnerability to conflict, it has been criticized for simplifying complex ethnic and linguistic identities into a single numerical value, overlooking important nuances and interactions between any two cultural groups.[49] Moreover, ethnic and linguistic identities are dynamic, and frequently change alongside migration, intermarriage, and cultural assimilation. Most importantly, ELF's efficiency is reliant on the quality and specificity of the datasets that are used to produce the ELF, which may be challenging to obtain in some countries,[50] especially countries already facing weak governance structures, authoritarian governments, and conflicts. Therefore, a qualitative analysis would be necessary to supplement the ELF, especially including studies of other types of fragmentation like religious, social, and class-based differences.

Gini Coefficient of Ethnic Inequality

The Gini coefficient of ethnic inequality is used to assess the distribution of economic resources among different ethnic groups within a country, demonstrating whether economic benefits are evenly distributed across ethnic lines.[51] This specifically addresses economic disparities, unlike the ELF, which purely

47. *See* John Lulz, *The Impact of Ethno-Linguistic Fractionalization On Cultural Measures: Dynamics, Endogeneity And Modernization*, 46(9) J. Intl. Business Studies 1080 (2015).

48. *Id.*

49. *See generally,* Kelly Labart, *What is Hidden Behind the Indicators of Ethnolinguistic Fragmentation?*, (FERDI, Working Paper, 2010).

50. *Id.*

51. *See* Alberto Alesina et. al., *Ethnic Inequality*, Oct. 2014, https://scholar.harvard.edu/files/alesina/files/ethnic_inequality_dec_2014.pdf.

measures social and cultural diversity. The Gini coefficient analyzes how resource distribution among ethnic groups can exacerbate or alleviate ethnic tensions, which can significantly impact social stability and conflict.[52] The ELF and Gini coefficient generally complement each other, where one explains the extent of diversity and the other how that diversity impacts economic factors.

Finally, similar to the previous indicators, the Gini coefficient is focused on only one type of inequality, economic inequality, therefore risking ignorance of social and political inequalities that may also contribute to conflict. Moreover, the Gini coefficient also does not account for qualitative factors such as historical grievances or discrimination,[53] and therefore could gloss over the lived experiences of marginalized groups.

F. *Social Cohesion Index*

Similar to the ELF, the Social Cohesion Index ('SCI') measures the strength of social bonds and the sense of solidarity among different groups within a society.[54] SCI includes indicators such as trust, civic participation, and the presence of social networks, taking a broader approach to social stability by covering different dimensions of social interaction and community engagement.[55]

SCI differs from ELF in its focus on the positive commonalities or harmonies in society. Where the ELF focuses on sources of division, SCI focuses on the consonance. SCI is especially useful for designing policies aimed at enhancing social cohesion and reducing fragmentation by fostering positive social interactions. It emphasizes the importance of trust and civic engagement in promoting cohesive societies.[56]

SCI's primary criticism is the difficulty in quantifying abstract concepts such as trust and solidarity.[57] Moreover, the reliance on self-reported measures can lead to inconsistencies

52. *Id.*

53. *Cf.* U.N. Economic Commission for Europe, *Social Cohesion: Concept and Measurement*, ECE/CES/STAT/2023/8, ¶ 15 (2023). (Describing factors such as concern for discrimination as imperative to social cohesion).

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

and biases, making it challenging to compare results across different countries or over time.[58]

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In conclusion, there are various existing indicators that provide unique insights into different aspects of societal stability and conflict risk. These indices collectively contribute to a nuanced understanding of how diversity, economic inequality, social bonds, and institutional quality impact a country's vulnerability to conflict and economic decline. However, it is notable that none of these indicators can be taken and imported into the MVI or used directly as indicators to provide concessional financing for conflict-affected countries, since they either contain a mix of structural and non-structural factors or contain too many subjective indicators. This paper thus demonstrates how some elements of these indicators can be included in the factors for calculating the MVI, which would satisfy the needs of concessional financing.

III. Background: Inception, Features, and Purpose of the MVI

The MVI emerges out of the international community's decision to address development needs based on unique vulnerabilities of certain nations that are not captured by regular indicators like the GDP or GNI.[59] It was an initiative led by SIDS, explaining that they deserve greater access to concessional financing despite their moderate or high income levels, since they were more vulnerable to external shocks like natural disasters than what their income levels would suggest. This is especially true for SIDS, as they incur greater costs of recovery from disasters, foster smaller markets leading to diseconomies of scale, and are exposed to frequent natural hazards and trade disruptions.[60] Much like fragile and conflict-affected countries, the SIDS also do not have institutionalized access to concessional funding due to lack of data regarding their vulnerabilities.[61] Their funding is similarly based on *ad hoc* procedures by

58. *Id.*

59. *See Interim Report, supra* note 15, at 3.

60. *See OECD, supra* note 9, at 44.

61. *Id. See* U.N. General Assembly, *Resolution Adopted by the General Assembly on 21 December 2020*, ¶¶8(a), 13, A/RS/75/215, (Dec. 29, 2020).

different development institutions[62] and SIDS windows.[63] Such ad-hoc-ism has led to the present movement for appropriate characterization of vulnerabilities to formulate international development policies. The MVI accordingly considers environmental, social, and economic vulnerabilities.[64]

It is important to understand this background to the formulation of the MVI because there has been considerable debate about whether the MVI was only created to measure vulnerabilities and streamline financial aid for SIDS or whether it should account for vulnerabilities of other developing countries as well.[65] Some countries were particularly reticent that the MVI must not account for political vulnerabilities or factors, as that would subject it to manipulation.[66] While the MVI was led by SIDS to account for island nations' vulnerabilities, it is clear from the final report of the UNDP and the original submission of the Alliance of Small Island States ('AOSIS')—the first document to lay out the draft proposal for an MVI and the purpose of the MVI—that MVI was intended as an indicator accounting for vulnerabilities of *all* developing countries.[67] These reports further highlight that the MVI must assist financial institutions in comparing vulnerabilities of different developing countries to streamline aid accordingly. Particularly, the UN Secretary General's Report preceding the work on the MVI stated that

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62. Examples include the World Bank's Small Island Economies Exception. *World Bank Group Support to Small States*, 12, World Bank Group (2019).

63. *See, e.g.,* Global Environment Facility, *Special Climate Change Fund*, 2, (2023), https://www.thegef.org/sites/default/files/documents/2023-03/GEF_SCCF_Adaptation_2023_03.pdf; Laurence Chandy et al., *Aid Effectiveness in Fragile States*, 2-3, Brookings Institution (2016) (A "window" is a term used for quicker, more flexible funding mechanisms or departments dedicated to specific countries or purposes).

64. *See* High level panel on the development of a Multidimensional Vulnerability Index, *Final Report*, at 25 (Feb. 2024), https://sdgs.un.org/sites/default/files/2024-02/Final_MVI_report.pdf [hereinafter *Final Report*]; U.N. Conference on Environment and Development, *Report of The United Nations Conference on Environment and Development*, ¶17.100(c), U.N. Doc. A/CONF.151/26 (Vol. II), (Aug. 13, 1992).

65. *See, e.g.,* Cuba, *Initial Comments on the Potential Development of A Multidimensional Vulnerability Index For SIDS, as per resolution A/RES/75/215*, https://sdgs.un.org/sites/default/files/2021-06/Cuba%27s%20Response.pdf.

66. *Id.*

67. *See* Alliance of Small Island States, *AOSIS Response on the MVI*, at 2, (June 2021), https://sdgs.un.org/sites/default/files/2021-06/AOSIS%20Response%20ref-%20MVI__1.pdf [hereinafter *AOSIS*].

the work should be guided by the principles of multidimensionality, *universality*, exogeneity, availability, and readability.[68] Following the Secretary General's Report, the mandate of the High Level Panel tasked with formulating the MVI ('Panel') is captured below:

> According to the Panel's Terms of Reference, recommendations are to be provided on two key issues: First, a clear and coherent MVI which needs to take into account the principles highlighted in paragraphs 80-83 of A/76/211. It must comprise a structure, indicators, a precise methodology for weighting and aggregating the indicators, and precise definitions of the main concepts including vulnerability, exposure, shock and resilience [(emphasis added)].[69]

Notably, the MVI data was produced in two phases: a preliminary/interim report and a final report. Even at the interim stage, countries made statements concerning the universal nature of the MVI. Critically, countries said that, irrespective of country groupings (e.g., SIDS, Least Developed Countries ('LDCs'), Landlocked Developing Countries ('LLDCs')), the MVI should rely on "universality" and reflect vulnerabilities accurately for all developing countries[70] to ensure there is no unhealthy competition among developing countries and to secure comprehensive development and aid allocation.[71] The UNDP's intention to achieve a more comprehensive view of vulnerability is evidenced by the MVI including an indicator for civilian deaths due to spillover effects of regional violence. Thus, there seems to have been some intention to account

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68. U.N. Secretary General, *Follow-up to and Implementation of the SIDS Accelerated Modalities of Action (SAMOA) Pathway and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States: Report of the Secretary General*, ¶¶ 81-82, U.N. Doc. A/76/211, (July 22, 2021) (Emphasis added).

69. *Interim Report, supra* note 15, at 8.

70. *See* Like-Minded Group of Countries, *Written Submission of the Like-Minded Group of Countries in support of Middle-income countries (LMG-MICs) to the Interim Report of the High-Level Expert Panel on the Development of a Multidimensional Vulnerability Index (MVI),* at 3 (Aug. 31, 2022), https://sdgs.un.org/sites/default/files/2022-08/LMG-MICs_Comments_on_MVI_Interim_Report.pdf [hereinafter *LMG-MICs Comments*].

71. Nepal, *Draft Statement by the Chair of the LDCs and Ambassador of Nepal*, (June 30, 2023), https://sdgs.un.org/sites/default/files/2023-07/LDC_Statement_on_MVI_30%20June2023.pdf [hereinafter *Nepal*].

for vulnerabilities of countries that may not be small islands. Interestingly, the preliminary report of the MVI reflected many conflict-affected countries like Burkina Faso and Somalia as highly vulnerable countries, even more than some small islands, contrary to what was expected.[72] Notwithstanding, the final report of the MVI released in February 2024 indicated many SIDS to be the most vulnerable, despite utilizing the same indicators, which had demonstrated countries like Burkina Faso and Somalia to be the most vulnerable in the earlier report.[73] There have not yet been comments and discussions on the final report, but it may indicate how vulnerable conflict-affected countries already are, when they had ranked as highly vulnerable even when only one or two conflict-related indicators had been factored into the MVI. For reference and to analyze the indicators in the next part of this paper, the indicators for vulnerability in the MVI are as follows:[74]

Environmental Vulnerability: This includes three indicators of exposure to natural hazards, exposure to extreme weather events, and exposure to ecosystem pressure;

Economic Vulnerability: This includes three indicators of exposure to fluctuations in international trade and financial flows, exposure to fluctuations in export earnings, and exposure to fluctuations in strategic import prices; and

Social Vulnerability: This includes three indicators of exposure to global health shocks, spillover effects of regional violence, and increased stress due to entrance of international forced displacement of people.

In light of the background of the MVI, it is important to note that the only indicator which considers conflict at all is the one relating to "spillover effects of regional violence." This alone is inadequate and insufficient to capture the vulnerability of countries to conflicts (internal or external), as confirmed by

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72. *See* UNDP, *MVI Prototype - Preliminary Results - April, 24th 2023*, (April 24, 2023), https://sdgs.un.org/sites/default/files/2023-04/MVI_Prototype_Preliminary_scores_%20for_consultations_04242023.pdf.

73. *See, e.g., Final Report, supra* note 64, at 105-8; UNDP, *Multidimensional Vulnerability Index – Concepts and Indicators*, (April 24, 2023), https://sdgs.un.org/sites/default/files/2023-04/Concepts_and_%20Indicators_24_%20April_2023.pdf. (For example, Micronesia's MVI went from 54.8 to 64, Saint Vincent and the Grenadine' MVI went from 55.3 to 61.8, etc.)

74. *See, e.g., Final Report*, *supra* note 64, at 25; UNDP, *Multidimensional Vulnerability Index – Concepts and Indicators*, Available at https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/concepts_and_indicators.pdf.

the history of the MVI. Countries did seek inclusion of "internal conflict" as a direct indicator of social vulnerability. However, this was rejected by the Panel on MVI, despite its aims of universality, because they stated that internal conflict does not meet the criteria of being exogenous and its non-structural factors cannot be separated from its structural factors.[75] While the Panel did consider various indices which *measure* conflicts, no other possible factors of *vulnerability* to conflict were considered by the Panel. This was because the Panel stated that it is harder to identify and isolate structure factors to assess conflict-based vulnerability.[76]

Given this overview of what the MVI is, the next Part of this paper advocates for the MVI to account for countries' vulnerabilities to conflict, refutes the rationale of the Panel for not considering conflict-related factors at all, and proposes some appropriate indicators that may resolve the issues raised by the Panel. The paper thus seeks true "universality" in calculation of the MVI, something which LDCs and non-SIDS developing countries have argued is necessary to ensure that the UN satisfies its promise of leaving no one behind and accounting for each nation's needs when applying a universal indicator to them.

IV. Using the MVI to Reflect Vulnerabilities of Countries to Conflicts

This section addresses the main claims against inclusion of conflict-related indicators, along with some affirmative reasons as to why and how such indicators may be accommodated within the MVI's principles of "exogeneity", "structural factors" and "vulnerability."

A. *True "Universiality" Demands Including Vulnerability to Conflict Within the MVI*

"Universality" requires that different kinds of vulnerabilities faced by developing countries be taken into account to ensure

75. *See* Panel, *Summary of Panel Decisions Following Consultations with Member States*, Available at https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/summary_of_panel_decisions_following_consultations_with_member_states.pdf [hereinafter '*Panel Decisions*'].

76. *Id.*

that a global indicator is not applied unfairly to countries that did not agree to its application.[77]

Similarities in Vulnerabilities Caused by Climate Change and Conflict

At this stage, it is necessary to point out the similarities in the challenges faced by SIDS and countries prone to conflicts. Much like climate change, conflict is a culmination of interlinked crises that leads to disproportionate impacts of even ordinary shocks on a country that is already damaged.[78] Violent conflict is also intractable, with 60% of conflicts from the early 2000s having recurred in the past decade.[79] This delays recovery, traps countries in vicious cycles of poverty, and leads to recurrence of conflict,[80] similar to how SIDS are trapped in a cycle of underdevelopment due to the fact that even one cyclone can wipe out their entire economy and disproportionately impact their development.

For countries vulnerable to conflict, it is important to ground the MVI in transitional justice literature and broader sociological conflict theory, which reflects on how states emerging from conflict may frequently experience recidivism.[81] Such a cycle is confirmed by the Special Rapporteur's writing on how transitional justice requires large resources and institutional capacity, two things which are often scarce in transitional and developing contexts.[82] Streamlined financing would support such rule of law programming, anticorruption campaigns, and structural reforms while also harmonizing conflict analyses and

77. *See Nepal*, *supra* note 71, at 1.

78. *See* Burcu Savun and Daniel C. Tirone, *Exogenous Shocks, Foreign Aid, and Civil War*, in 66(3) International Organization 363 (2012); UN OHRLLS, *MVI: Potential Development and Uses: Analysis and Recommendation*s, 66, October 2021 [hereinafter '*UN OHRLLS*'].

79. *See* Sebastian von Einsiedel, *Civil War Trends and the Changing Nature of Armed Conflict*, United Nations University Centre for Policy Research Occasional Paper 10, March 2017 citing Scott Gates, Håvard Mokleiv Nygård and Esther Trappeniers, Peace Research Institute Oslo (PRIO), *Conflict Recurrence*, 2 Conflict Trends (2016).

80. *See, e.g., Fearon and Laitain*, *supra* note 45, at 75; Luis Porto, *Disruptions, Multidimensional Vulnerability and Fragility: The Trilogy No One Takes Responsibility For*, 4, Organization of American States Op-Ed, 20 September 2022, https://www.oas.org/fpdb/press/Disrupciones-Vulnerabilidades-ENG.pdf.

81. *Id.*

82. *See* Pablo de Greiff, *The Applicability of Transitional Justice in Pre-Conflict Contexts*, 22, September 2021, https://cic.nyu.edu/wp-content/uploads/2023/02/The-Applicability-of-Transitional-Justice-Pablo-de-Greiff-2021.pdf.

funding mechanisms with funds like the Peacebuilding Fund.[83] Structural reforms are especially important because one of the primary results of conflict is deterioration in social capital.[84] Adequate financing can ensure that social capital improves, aiding in reconstruction and non-recurrence.[85] Even in development studies, recidivism is shown to be countered by adequate finance and transitional justice measures which reduce conflict risk and suppress conflict,[86] as opposed to inconsistent aid flow that enhances this risk. One example of the adverse effects of inconsistent aid is the Central African Republic which has struggled with conflicts for decades and has received high volumes of aid, but has been unable to utilize it meaningfully due to the inconsistency of aid flows.[87] More recently, the Pathways for Peace Report once again called for coordinated responses to conflict at the intersection of development, security, and diplomatic action, as it demonstrably improves peace processes.[88] Therefore, predictable and adequate financing is as important for countries vulnerable to conflict as it is for countries vulnerable to climate change.

Lack of Representation of Countries Vulnerable to Conflict on the MVI Panel.

With the above background, various countries like the LDCs and Middle-Income Countries ('MICs') have made statements asserting that if the MVI indicators remain as they are, they may not be considered bound by it, and it may only apply as an indicator for funding SIDS.

There is also a noticeable lack of representation of LDCs and MICs (other than SIDS) on the MVI Panel and governance bodies, which has also led to some countries like Ethiopia raising the lack of representation as the reason behind skewed results and lack of universality.[89] Even countries like the

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83. *See* UN Peacebuilding, *Peacebuilding Fund (PBF) Guidelines on PBF Funds Application and Programming 2022*, October 2023, https://www.un.org/peacebuilding/content/peacebuilding-fund-pbf-guidelines-pbf-funds-application-and-programming-2022-english.

84. *Greiff, supra* note 1, at 418.

85. *Id.*

86. *See Savun and Tirone*, *supra* note 78, at 363.

87. *See generally,* Geneva Centre for Security Sector Governance, *DCAF Annual Report*, 2017; *Pathways for Peace*, *supra* note 6, at 170.

88. *See Pathways for Peace, supra* note 6, at 256.

89. *See* Ethiopia, *Multidimensional Vulnerability Index for SIDS Informal Consultations*, 10 May 2023, https://sdgs.un.org/sites/default/files/2023-05/

United States and states within the European Union advocate for greater representation and universality in formulating the MVI with measures such as using data regarding conflict from the countries themselves[90] instead of using data from their neighbors, or considering wider conflict related indicators like the Conflict Barometer (National Power Conflicts and Subnational Conflicts), or the Global Conflict Risk Index (GCRI), an internal conflict probability indicator. [91] Pertinently, there are other indicators that measure or predict the vulnerability of conflict affected countries like the OECD's States of Fragility List and International Network on Conflict and Fragility[92] or the Commonwealth's Universal Vulnerability Index,[93] but there is no UN-designed indicator that directs funding as per some standard assessment of countries prone to conflict.

Accordingly, expanding the MVI to factor in vulnerabilities to conflicts would make it more inclusive and satisfy the basic demands of a "universal" indicator to utilize international finance more appropriately than current policies.

B. *Structural Factors of Vulnerability to Conflict Can be Isolated and Considered*

A crucial requirement for including any indicator in the MVI is that it must be a structural factor and not a non-structural factor.[94] Structural vulnerability is defined by the Panel as "the risk of a country's sustainable development being hindered by recurrent adverse exogenous shocks and stressors."[95] Structural factors refer to long-term inherent issues independent of current

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Ethiopia_Statement_Consultations_on_MVI_10052023.pdf; Mongolia, *Statement on Behalf of the Group of LLDCs*, 10 May 2023, https://sdgs.un.org/sites/default/files/2023-05/Mongolia_%20on_%20behalf%20of%20LLDCs_Statement_Consultation_on_MVI_10May2023.pdf.

90. *See, e.g.,* France, *MVI Indicator Suggesting Form*, https://sdgs.un.org/sites/default/files/2023-05/France_Suggestions_Indicator13a_Homicide%28own-country-data%29.pdf [hereinafter '*France, Indicator 13a*'].

91. *See* United States, *MVI Consultations: Submission of Written Comments*, ¶¶ 8, 9 May 2023, https://sdgs.un.org/sites/default/files/2023-05/USA_Comments_on_MVI_Indicators.pdf [hereinafter '*United States*'].

92. *See* OECD, *States of Fragility 2022*, 21, 100 (2022).

93. *See* The Commonwealth, *The Commonwealth Universal Vulnerability Index*, April 2021 [hereinafter '*UVI*'].

94. *See Final Report*, *supra* note 64, at 21.

95. *Id.*

or recent policy changes and the will of policy makers. However, admittedly, even in the MVI, the UN OHRLLS has stated that structural factors include, "the long-lasting consequences of past policy choices that the present authorities have inherited and cannot be reversed or altered in the short-term."[96]

Despite this understanding, in actually formulating the MVI, the Panel on MVI has rejected various conflict-related indicators, stating that it is harder to distinguish structural factors from non-structural factors in conflict situations and that the existing indicators for conflict frequently merge the two types of factors.[97] The Panel supports this conclusion by stating that usual structural factors behind conflicts are accounted for through generic terms such as "general health level". Therefore, inclusion of any other conflict-related indictors may lead to redundancies.[98]

It is important here to draw the distinction between "factors" or "causes" that make countries more vulnerable to conflict and the "occurrence" or "quantity" of conflicts itself. The Panel currently has only considered the latter and rejected it, saying that indicators like the Commonwealth's UVI (which is based on quantity of internal conflicts or clusters of terrorism, crime, and political violence) do not differentiate between structural and non-structural factors.[99] Countries such as France have argued predominantly for inclusion of the rate of internal conflict as one of the indicators for social vulnerability in the MVI.[100] However, this paper seeks to highlight that a country's social vulnerability to conflict is not necessarily a function of how many conflicts it has already faced quantitatively. To that extent, the panel on MVI reaches an understandable conclusion that using just the number of past conflicts as an indicator for social vulnerability may amount to rewarding countries with a history of a greater number of conflicts while ignoring the

96. *UN OHRLLS, supra* note 78, at 14.

97. *See Final Report, supra* note 64, at 88.

98. *Id.*

99. *Cf. UVI, supra* note 93, 4 (describing different structural and non-structural factors, and how they should be disentangled).

100. *See generally*, France, *MVI Indicator Suggesting Form*, https://sdgs.un.org/sites/default/files/2023-05/France_Suggestions_Indicator13a_Homicide%28own-country-data%29.pdf; France, *MVI Indicator Suggesting Form*, https://sdgs.un.org/sites/default/files/2023-05/France_Suggestions_Indicator14a_Internally-displaced-people.pdf.

political and non-structural ways in which governments could have controlled conflict. This may violate the rules of aid conditionality and militate against the rationale for the Performance Based Allocation ('PBA') model[101] used by development banks, which ensures that vulnerability arising from policy weakness should not be rewarded by increasing the aid granted to such governments. However, the PBA does clarify that if inadequacies are structural, an increase in aid is justified.[102] The MVI Panel claims that health, education, etc. may be underlying causes of conflict; however, these are only some of the possible indicators that make countries more vulnerable to conflict. The MVI Panel discounts the primarily social and cultural factors that are major causes behind many conflicts and restricts analysis of conflicts to a purely economic lens.[103]

The other uniquely structural factors that foster conflict have not been taken into account by the MVI; therefore, their inclusion does not produce redundancy amongst the social vulnerability index component of the MVI. These factors have been frequently separated as structural and non-structural. Hence, not only is it entirely feasible to isolate structural factors, but also it solves the problem of rewarding inadequacies in governance or policy-making. This is where sociological literature analyzing the causes of conflicts and transitional justice can inform development.[104]

Broadly, scholars have identified and isolated three structural causes of conflicts, with one being most relevant for our purposes: ethnic geography.[105] The other two causes were identified as a weak state and intra-state security concerns.[106] This paper suggests only the former be included in the MVI, since the latter are more prone to being endogenous or being affected by short-term State decisions and policies, thereby failing to meet the criteria of exogeneity. Similarly, literature

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101. *See Final Report*, *supra* note 64, at 45; Board of Governors - International Development Association, *IDA19: Ten Years to 2030: Growth, People, Resilience*, 64, 114, 11 February 2020 [hereinafter '*PBA*'].

102. *Id.*

103. *See generally*, USAID, *supra* note 32.

104. *See, e.g.*, Ralf Dahrendorf, *Toward a Theory of Social Conflict*, in 2(2) THE JOURNAL OF CONFLICT RESOLUTION 171 (1958).

105. *See* Stephen van Evera, *Hypothesis in Nationalism and War*, and Micahel E. Brown, *The Causes of Internal Conflict* in MICHAEL E. BROWN, ET. AL., NATIONALISM AND ETHNIC CONFLICT 6, 61 (2001).

106. *Id.* at 5.

has identified pre-existing social cleavages along the lines of wealth, geographic regions, or ethnicity as structural factors.[107] States with ethnic minorities have shown to be more prone to conflicts.[108] Similarly, certain kind of ethnic demographics have been identified as more vulnerable to conflict than others. This especially holds true for post-colonial states or states that have seceded from larger empires or, in the case of African states, for ethnic groups that are historic enemies.[109] In its peacebuilding work, the UN itself has highlighted that conflict risks do not emerge in isolation. Rather, such risks arise out of deeply rooted dynamics and shocks to fragile systems.[110] The Panel itself admits that there is evidence demonstrating how internal violence does not result solely from bad policymaking and that there are structural factors for recurrence.[111] It is thus necessary to identify such deeply rooted dynamics as structural factors that must be included in the MVI. This inclusion would also align with the original aspiration of the MVI in its interim report, where demographic characteristics were identified as one of the ways to measure social vulnerability.[112]

Some methods to measure such factors include indicators like (i) the Ethnolinguistic Fractionalization Index or the ELF which measures the likelihood that two individuals in a country do not belong to the same ethnic group;[113] (ii) USAID's measurement of minority representation and colonial history as structural factors for its Conflicts Vulnerability Analysis of African nations;[114] and (iii) *homelang*, a measure of the population of a country that does not speak its official language at

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107. *See* Danni Rodrik, *Where Did All the Growth Go? External Shocks, Social Conflict, and Growth Collapses*, 4(4) JOURNAL OF ECONOMIC GROWTH, 386 (1999).

108. *Id.*; *See also* Ted Gurr & Barbara Harf, *Ethnic Conflict in World Politics* (1994).

109. *See* Alicia Levine, *Political Accommodation and the Prevention of Secessionist Violence*, in MICHAEL E. BROWN, (ed.), THE INTERNATIONAL DIMENSIONS OF INTERNAL CONFLICT 332 (1996); Michael Bleaney and Arcangelo Dimico, *Ethnic Diversity and Conflict*, 13(2) JOURNAL OF INSTITUTIONAL ECONOMICS 373 (2017).

110. *See* UN Peacekeeping, *Secretary-General's Peacebuilding Fund, 2020-2024 Strategy*, 3 (2020).

111. *See* Sosso Feindouno and Laurent Wagner, *The Determinants of Internal Conflict in the World: How to Estimate the Risks and Better Target Prevention Efforts?*, 51 (2020).

112. *See Interim Report, supra* note 15, at 18.

113. *See* Taylor and Hudson, *supra* note 40, at 389.

114. *See USAID, supra* note 32, at 6.

home.[115] The inclusion of such indicators, would not only help identify structural factors and address them using financing in a targeted manner but it would also aid societal planning, community empowerment, and budgeting in transitional justice contexts, as found lacking in the current financial model by the former Special Rapporteur.[116]

There may be some reticence in using these indicators, considering that the focus of the MVI Panel is only on UN-developed indicators and on highly reliable indicators which have wide datasets. However, first, the above indicators have been assessed for a large number of countries and by sources that are governmental or reliable, such as USAID. Notably, these indicators have been further updated and applied to a wide variety of contexts, with data being available for up to 165 countries for ELF60.[117] Second, as highlighted by some countries in their responses to the MVI report, the lack of crucial indicators in the MVI dataset caused by limited data sources may also reinforce current data inadequacies related to conflict-affected countries. Consequently, the MVI must rely on the indicators available for assessing conflict, even if they are not based on widespread data, as long as they are based on *sufficient* data.[118] Therefore, widely recognized structural indicators that demonstrate a country's increased vulnerability to conflict must be accounted for in the MVI dataset. This requires acknowledging sociological and transitional justice literature on conflicts and the causes underlying conflicts.

C. *Exogenous Does Not Automatically Exclude Consideration of Internal Conflicts in Estimating Vulnerability*

The MVI Panel, after considering internal conflicts and their indicators, decided not to include such conflicts as an indicator since internal conflicts are not "exogenous" and the MVI is based on the principle of "exogeneity" or factoring in

115. *See* Easterly William and Ross Levine, *Africa's Growth Tragedy: Policies and Ethnic Divisions*, World Bank, May 1996 in *Rodrik*, at 19.

116. *See Greiff*, *supra* note 1, at 423.

117. *See Cassilde and Labart*, *supra* note 43, at 223, 225.

118. *See* New Zealand, *Comments on MVI Indicators*, 10 May 2023, Available at https://sdgs.un.org/sites/default/files/2023-05/NewZealand_Comments_on_MVI_Indicators.pdf.

only exogenous shocks. This is because the MVI is intended to be used as a tool to compare country needs for resilience support.[119] This paper responds to this concern in three parts: (1) by expanding the definition of exogeneity for application to conflict contexts; (2) by explaining that exogeneity cannot be interpreted in isolation from structural factors; and (3) by demonstrating additional safeguards that would account for any endogenous variables that may have affected the indicators at the stage of constructing the MVI.

1. *Definition*

At the outset, it is imperative to ascertain the contours and complexities of the term "exogenous" and how it has been used in different contexts. The Panel does not clearly define the term "exogenous" but repeatedly uses natural disasters as exemplars of exogenous factors.[120] Furthermore, the Panel uses "exogenous" once to discuss international markets that are out of control of the State and impact sovereign debt interest rates.[121] The Panel has also used the term exogenous as equivalent to structural.[122] Considering the way exogenous has been used throughout the report, it seems to have been limited to factors that are physically located outside the country under consideration. This may be because the MVI's origins lie in SIDS-specific vulnerabilities; the exogenous natural disasters and shocks they face are necessarily physically outside their countries. The conception of exogenous as limited to natural disasters or physical conflicts outside the boundaries of a country is also noticed in other development institutions like the International Monetary Fund ('IMF').[123] This trend may denote a tendency of development institutions to visualize exogeneity in purely physical or economic terms rather than in social or conflict contexts. Yet, exogenous is a broader term and has many meanings depending on the discipline it is being used in.

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119. *See Final Report*, *supra* note 64, at 22.
120. *See Final Report*, *supra* note 64, at 9, 21, 22, 42.
121. *Id*. at 46.
122. *Id*. at 46; *Interim Report*, *supra* note 15, at 11.
123. *See* IMF, *Fund Assistance for Countries Facing Exogenous Shocks*, 3, 8 August 2003.

To understand exogeneity's meaning in social vulnerability, it is first necessary to consider the general meaning of "exogenous" in economics, which is quite broad, meaning any variable outside the system or model under observation.[124] Holistically, this includes not just factors that are physically outside, which is most commonly addressed by the current MVI, but also economic and social factors.[125] Such a definition of exogeneity has been imported from economics into social science and changes depending on the context and the social science it is being used in.[126] The Panel's equation of "exogenous" to "structural", and its occasional reference to international markets (an intangible economic factor) as exogenous, supports this view and hints at the fact that the Panel is willing to consider intangible, economic factors.

This leads to the second and final step in the process, i.e., how exogeneity must be defined in context of social vulnerabilities, especially vulnerability to conflict. In defining social vulnerability's relationship to exogeneity, it is necessary to consider the intangible factors that may be physically located within a country but outside of the control of the government or the country's policies under observation.[127] Specifically, in conflict situations, factors such as demographics and social fragmentation are embedded in systems for centuries or decades and are clearly outside the control of a country's immediate government or policy. Yet, these factors are not physically located outside the country. Correspondingly, in conflict studies, various factors that are physically inside a country but are out of its control have been considered exogenous, as highlighted by France in its comment on the MVI.[128] Even in response to the MVI, internal consideration has been demanded by LDCs and MICs,

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124. *See* David F. Hendry, *Econometrics: Alchemy or Science?*, 47 Economica 188, 387, 391 (1980).

125. *See* Lars Udéhn, *Economics, Exogenous Factors and Interdisciplinary Research*, 25(1) Social Science Information 262-3 (1986).

126. *Id.*, at 260-267.

127. *See* Patrick Guillaumont, *Taking Into Account Vulnerability in the Global Distribution of Concessional Flows*, FERDI Policy Brief No. B246, 3 (2023).

128. *See Rodrik*, *supra* note 107, at 400; *France, Indicator 13a*, *supra* note 90, where France has stated that internal violence is not necessarily a result of policies, but a result of structural factors and violence within a country such as the rate of homicides or criminality should count as exogenous factors influencing internal conflicts. Another study considers colonial legacy and ethnic divisions as exogenous determinants of conflicts in John Ucho, *Exogenous*

emphasizing that if the MVI considers only external shocks, it would be a temporary measure to handle physical shocks instead of channeling long-term structural development.[129]

2. *Role of Endogenous Factors in Interpreting Exogeneity*

It is necessary to recognize that no indicator such as the MVI can be truly exogenous and therefore a country's inherent characteristics (which may be physically located within the country) would always play a role in determining whether a purely exogenous factor makes the country vulnerable or not.[130] For instance, even when SIDS and landlocked countries in the same region face the same exogenous natural disasters, the vulnerability to such exogenous shocks is far higher for SIDS due to their structural factors and inherent characteristics and capabilities.[131] For this very reason, AOSIS itself initially asked that the MVI include both exogenous and endogenous factors.[132] Similarly, in conflict situations, two countries may face similar natural resource shortages or economic recessions, but the country with deeper ethnic diversity and a history of social disorganization or linguistic fragmentation may be more prone to conflict when there is a natural resource shortage as opposed to a country with no such background or demographic differences. Therefore, the same exogenous shock would make one country more vulnerable than the other depending on the interaction of the external factor with the country's inherent structures.[133] This is also supported by scholars that exhibit how social conflict (an intangible, structural factor that physically may be located inside a country) plays a key role in transmitting external shocks to economic performance.[134] It is especially important today to consider internal conflict, as it is more frequent, more deadly, and more difficult to resolve than interstate wars.[135] Accordingly, the term "exogenous" must be interpreted

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Determinants of Conflict, in UNDERCURRENTS OF ETHNIC CONFLICT IN KENYA 101 (2002).

129. *See LMG-MICs Comments*, *supra* note 70.
130. *Id.*
131. *See Final Report*, *supra* note 64, at 19.
132. *See generally, AOSIS*, *supra* note 67.
133. *See USAID*, *supra* note 32, at 4.
134. *See, e.g., Rodrik*, *supra* note 107, at 392.
135. *See Savun and Tirone*, *supra* note 78, at 363.

more holistically, aligned with its related term "structural" to reflect factors that are intangible and may be located within the country but outside of the control of immediate policy or government measures, though they may have arisen due to long term inherited or historic policy effects.

3. *Safeguards*

The MVI Panel was concerned that a country's endogenous or policy decisions should not become a part of the MVI. However, as suggested in Section 2 *supra*, this is addressed not by the MVI taking into account just the number of internal conflicts, but instead considering the factors behind it, which are actually exogenous and out of control of the system under observation. Notably, this methodology excludes purely endogenous factors automatically – like a country's policies on resolving conflict, its response to the shocks, and changes in governments in the short term[136] – addressing the MVI Panel's concern.[137] Further, if there are indeed endogenous factors that sometimes influence these exogenous factors of the vulnerability of a country to conflict, the second part of concessional financing mechanisms – Performance Based Allocation – acts as a safeguard to ensure that governments are not rewarded for poor planning.[138] It is thus be feasible to consider the aforementioned structural factors as exogenous in the context of countries vulnerable to conflicts.

D. *Factors Reflecting Vulnerability can be Separated from Factors Representing Fragility*

A primary reason that the MVI Panel rejected "internal conflict" as an indicator was because the current indicators used for assessing internal conflicts are used for fragility studies and not to assess vulnerability. At the outset, the difference between "fragility" and "vulnerability" – while not identified by the MVI Panel itself and not very clear in wider literature either – ordinarily seems to be that fragility is a risk reduction

136. *See Rodrik*, *supra* note 107, at 400.
137. *See Panel Decisions*, *supra* note 75, at 1.
138. *See PBA*, *supra* note 101, at 64.

factor, indicating the probability of an undesirable outcome, whereas vulnerability measures the potential loss or impact of the outcome.[139] While the Asian Development Bank generally uses fragility interchangeably with vulnerability,[140] the World Bank clarifies that vulnerability's definition will vary depending on the context and on how different parts of the society experience fragility, conflict, and violence.[141] In the Commonwealth's UVI, "fragility" is considered as state fragility, which is included in the assessment of vulnerability and used interchangeably at times with "vulnerability".[142] Accordingly, it broadly seems that fragility is determined by the State's failures to address shocks, while vulnerability is more external to state policy.[143]

The difference between fragility and vulnerability is similar to the difference between exogenous and endogenous causes of conflict. The concern of the MVI panel about using the "internal conflicts" indicator seems to have arisen out of the fact that the indices that were suggested to the MVI Panel were mostly risk-indication or fragility prediction indices like the GCRI.[144] These indicators are used to indicate probability or likelihood that a country will suffer conflict rather than to predict the potential loss or impact from such conflict.[145] This issue would be addressed if the MVI Panel could substitute the use of "quantity" of internal conflict and indicators that predict its probability, with the structural factors proposed above, that provide measurable ways to ascertain a country's vulnerability to conflict. Thus, the concern of discarding conflict indicators completely as they measure fragility would be addressed by discarding the direct importation of risk-based fragility indicators into the MVI, and instead using indicators that predict vulnerability.

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139. *Cf.* Patrick Guillaumont, Sylviane Guillaumont, *State Fragility and Economic Vulnerability: What is Measured and Why?,* FERDI Working Paper, No. P07, May 2009.

140. *See generally,* Asian Development Bank, *Fragile and Conflict-Affected Situations and Small Island Developing States Approach*, June 2021.

141. *See WBG FCV Strategy*, *supra* note 2, at 30.

142. *UVI*, *supra* note 93, at vii, 3.

143. *See Luis Porto*, *supra* note 80, at 2-3.

144. *See generally*, *United States*, *supra* note 91.

145. *See generally*, European Commission, *The Global Conflict Risk Index (GCRI): A Quantitative Tool for Conflict Early Warning*, Science for Policy Brief, 2022. (While noting a concern for predicting future harm, focusing on an anticipation and early warning approach).

IV. Conclusion

Ultimately, inclusion of vulnerability to conflict, in a global, UN-developed indicator would address a major financing gap in transitional justice programming, both in post-conflict and prevention contexts. Both the World Bank and UN have agreed in their latest reports on conflict that, if additional resources were devoted to high-risk situations, addressing conflicts would be more cost-efficient and effective in addressing conflicts.[146]

This paper not only seeks to address this practical issue of financing transitional justice, but it also attempts a larger diplomatic endeavor of mobilizing more countries in advocating for a comprehensive financing index based on vulnerabilities. At a time when the UN is considering sweeping reforms to the international financial architecture, including in the *Pact for the Future,* it would seem appropriate to mobilize larger groups of countries like the SIDS and African Union in this case, for more streamlined, consistent, and targeted financing that can address the structural causes of vulnerability and secure long-term resilience in a world increasingly impacted by polycrisis.

146. *See Pathways for Peace*, *supra* note 6, at 2. (Discussing the interplay of resource allocation and cost mitigation).