

# Practical steps for profiling economies in terms of vulnerability and resilience

## Introduction

As explained in the previous chapter, studies that produce indices of economic vulnerability and resilience are cross-sectional approaches, aimed at benchmarking countries within a global context. For the purposes of policy formulation and implementation, benchmarking within an international context is often merely a starting point which needs to be followed by more in-depth investigation of issues within the specific context of the country and its circumstances. A project towards this end was conducted by the Commonwealth Secretariat in collaboration with the University of Malta. This project led to the development of a conceptual approach for profiling an individual country in terms of vulnerability and resilience, as described in the previous chapter. Importantly, the project also led to the profiling of three small states namely St Lucia, Seychelles and Vanuatu, in terms of economic vulnerability and resilience.

This chapter puts forward a practical guide as to how the conceptual approach described in the previous chapter can be applied.

## Managing the profiling exercise

The implementation of the profiling exercise requires good management for its successful completion, and it is therefore very important that the persons selected to manage the project are familiar with Project Management Life Cycle (PMLC) approaches. There are various PMLC methods, but their objective is generally the same, namely to ensure that the activities are undertaken in a logical and coherent sequence. Generally speaking, the exercise involves the following stages:

- *Initiation phase.* In this stage, the project, its milestones and its work programme, with time frames, are defined and the outputs to be attained clearly identified. During this stage, the project manager and his team are appointed, ensuring that they have the right skills for this purpose.
- *Planning phase.* This stage involves, amongst other things, the putting in place of a governance structure, determining reporting requirements, establishing division of labour, and costing the whole exercise. A set of performance indicators and a risk analysis based on plausible assumptions should also be drawn up. The stakeholders are also to be identified at this stage.
- *Execution phase.* This stage involves the undertaking of the project activities, and

measures to ensure that these activities are effectively and efficiently carried out, accompanied by reports towards this end. Various procedures can be used for this purpose and many project management manuals can be consulted in this regard.

- *Completion phase.* This stage, involves, amongst other things, the matching of the indicators set with the results achieved, the client's acceptance of the final product and an overall evaluation of the project.

## **Practical application of the conceptual framework**

The profiling exercise being proposed requires nine practical steps, as follows:

- 1 Identification of focal person and a co-ordinating team;
- 2 Setting out clear deliverables with a work programme and a time frame;
- 3 Creating and maintaining a dedicated website;
- 4 Identification of stakeholder agencies that need to be consulted;
- 5 Setting up of four panels on specific resilience issues, consisting of a chairperson and four members;
- 6 Preparation of questionnaire;
- 7 Organisation of a national consultation conference;
- 8 Drawing up of a report on vulnerability and resilience profile of the country;
- 9 Drawing up of a report on project proposals aimed at resilience building.

It is assumed that the government of the country to be profiled is willing to undertake the profiling exercise and that the funding for such an exercise is in place. The costs of the exercise will be discussed further below.

What follows are practical suggestions as to how such a profiling exercise could be organised, based on the experiences derived from the pilot profiling exercises reported in Part 3 of this publication.

### **Step 1: Identification of the project team leader and a co-ordinating team**

The government would identify a person to act as leader of the project co-ordinating team, whose main remit would be to oversee and manage the whole exercise, reporting to the government about its progress. The team leader could be the CEO or a high-ranking person operating within the Ministry of Finance. This Ministry is well positioned to co-ordinate such an exercise due to its cross-cutting role in the economic management of the country.

The team leader would work closely with an inter-ministerial team (the co-ordinating team) who together would take care of the day-to-day management and co-ordination of the whole exercise, ensuring that activities are based on a Project Management Life Cycle approach.

The co-ordinating team would, amongst other things, carry out the following tasks:

- commission and maintain a dedicated website for the exercise, on which information about the conference, including the venue, dates, programme and background details are to be posted;
- identify the stakeholder agencies to be consulted;
- identify the panellists that will address the consultation conference;

- liaise with the chairs of the panels, instructing them to communicate with their panellists;
- prepare questionnaires for the panellists in collaboration with the chairs of the panels, so as to ensure that the presentations of the panellists will be focused on the profiling exercise;
- liaise with the agencies to be consulted and inform them about relevant documentation, and invite some agencies to participate in the consultation conference; and,
- organise the consultation conference, with the team leader acting as convener.

## **Step 2: Setting out clear deliverables with a work programme and a time frame**

The whole exercise can be spread over a period of six months as follows. The preparatory phase (steps 1 to 6) can take up to three months, so as to, among other things, identify and elicit the support of stakeholder agencies and the panellists for the consultation conference and lay the ground for the consultation conference. The conference itself (step 7) would be spread over two days. The drawing up of the profiling report (step 8) is likely to take up to two months to complete, given that considerable consultation would need to be undertaken between the author of the report and the government of the country being profiled. Following the completion of the profiling report, the Commonwealth Secretariat would finalise their report with project proposals, and this can take up to one month.

It should be noted that the circulation of the report to various stakeholders, attempts to fill in the resilience policy gaps identified in the profiling report, and the implementation of the identified projects would have a different life cycle.

## **Step 3: Creating a dedicated website**

An efficient way to keep all those involved in the exercise informed about matters associated with the profiling exercise is to create a dedicated website. Its contents should be organised as simply as possible, so that those interested would find it easy to keep up-to-date with developments including those relating to background material, conference programme, panel themes and presentations, and other relevant information.

If funds permit, such a website could be created and maintained by a specialist agency, which would operate in close collaboration with the co-ordinating team. If not, the web pages can be created as part of the Ministry of Finance website.

An additional advantage of the dedicated website is that all materials, including the programme, list of participants, list of speakers, presentations, summary of the discussions, final statement and picture gallery would be placed together as a record in electronic format. This should serve to disseminate information about the exercise before, during and after its completion.

Yet another advantage is that such a website would be useful for prospective profiling exercises, as it would serve as a model for similar exercises that could be conducted in the future.

## Step 4: The identification of stakeholder agencies to be consulted

The co-ordinating team would identify the agencies that need to be consulted, elicit their support and invite them to participate in the conference. The team would provide the agencies with relevant information, including details about the consultation conference and background material such as this publication, to ensure that the participation and the agency representatives would focus on the economic vulnerability/resilience nexus when participating in the discussion.

The following is an indicative list of agencies that could be consulted directly and/or invited to participate in the consultation conference:

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<b>Macro-economic</b>	The Ministry of Finance The Ministry of Labour The Ministry of Trade and Commerce The Economics Department of the University/ies The Central Bank The National Statistics Office: macro-economic statistics
<b>Micro-economic</b>	The Training and Employment Agency Trade unions The Office of Fair Trading Utilities regulators The Ministry of Trade and Commerce The Central Bank The Chamber of Commerce The agency in charge of competitiveness promotion
<b>Governance</b>	Ministry of Justice The Police Department The Chamber of Advocates The Press NGOs dealing with human rights Political parties The National Statistics Office: public finance statistics
<b>Social</b>	Ministry of Health Ministry of Education Ministry of Social Security Teachers' associations Medical professions' associations NGOs dealing with poverty eradication Women's organisations The National Statistics Office: social statistics
<b>Environmental</b>	Ministry of the Environment Ministry of Foreign Affairs Environmental NGOs The planning authority The National Statistics Office: environmental statistics

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## Step 5: The setting of four panels on specific themes

The co-ordinating team would organise four panels on the following themes:

Panel 1: Macro-economic stability

Panel 2: Market efficiency

Panel 3: Good governance

Panel 4: Social and environmental concerns

Each panel would consist of a chairperson and four panellists with each panellist focussing on a specific sub-theme, as shown in the following table. Each member of the panel would be an expert on the sub-theme assigned to him/her.

Panel main themes	Panel sub-themes
1 Macro-economic stability	1.1 GDP fluctuations in recent years 1.2 Government finances 1.3 Inflation and unemployment 1.4 Trade, balance of payments and external debt
2 Market efficiency	2.1 Competition in domestic consumer markets 2.2 The workings of the labour market 2.3 The workings of the financial market 2.4 Government involvement in price setting
3 Political governance	3.1 Judicial independence, impartiality of courts and rule of law 3.2 Government transparency and accountability 3.3 Freedom of expression 3.4 Integrity of the political and legal systems
4 Social development and environmental concerns	4.1 The education and health systems 4.2 Social security systems 4.3 Civil society participatory schemes in decision-making 4.4 Major environmental concerns

## Step 6: Drawing up a questionnaire for the panellists

To ensure that the panellists focus on the subject assigned to them, and to avoid repetition, the co-ordinating team would draw up a questionnaire in consultation with each panel chairperson. Each panellist would be requested to respond to questions relating to the sub-theme assigned to him/her.

Appendix 1 to this chapter provides a model of such a questionnaire, based on the one that was used for the Vanuatu profiling exercise.

## Step 7: The organisation of a national consultation conference

The consultation conference would be spread over two days, with the participation of about 80 participants, including public officials, representatives of the business community, civil society and other agencies as indicated above.

The conference can be structured as follows:

#### *Day 1*

- Introductory session;
- Panel Session 1: Macro-economic stability;
- Panel Session 2: Market efficiency;
- Report by the chairs of panel sessions 1 and 2 on main issues.

#### *Day 2*

- Panel Session 3: Political governance;
- Panel Session 4: Social and environmental concerns;
- Report by the chairs of panel sessions 3 and 4 on main issues;
- Breakout sessions to identify and formulate technical assistance projects;
- Report by the chairs of the breakout sessions;
- Approval of final statement on the outcome of the conference and the way forward;
- Concluding session.

A detailed programme of the conference is proposed in Appendix 2 to this chapter

The final statement, which is to be adopted by the conference, could be initially drafted by the co-ordinating team in consultation with the panellists. This first draft would be distributed to all participants during the conference, who would be invited to submit written or verbal feedback to the co-ordinating team. By the time the final statement is formally discussed at the end of the conference, there should be broad consensus on its content. Appendix 3 to this chapter carries the final statement adopted at the end of the Vanuatu consultation conference.

The conference should also have a 'social' component where the participants can interact informally, including coffee breaks, lunches and a reception at the end of day 1.

### **Step 8: Drawing up of a report on vulnerability and resilience profile of the country**

On the basis of the presentations of the panellists, the chairpersons' summaries and the ensuing discussions, supplemented by internationally published data, a vulnerability and resilience profile for the country would be drawn up by a team of experts from the country being profiled, possibly supported by the Commonwealth Secretariat. This would ensure that the country would play a major role in the drawing up of the profiling report. If need be, the country being profiled can seek funding from the donor community to ensure that the report is of a high standard and meets the requirements laid out in the practical steps suggested in this chapter.

The vulnerability and resilience profile report can be structured as follows<sup>1</sup>:

- Section 1. Introduction, with definitions, aim of the profiling exercise and data issues;
- Section 2. Country background, with information relating to the exercise;
- Section 3. A vulnerability profile of the country, with assessments of the manifestations of economic vulnerability and of the causes of economic vulnerability;

- Section 4. A resilience profile covering macro-economic stability, micro-economic market efficiency, political governance, social development and environmental management, identifying gaps in the policy framework;
- Section 5. Policy implications and conclusions, highlighting resilience strengths and weaknesses of the country;
- Section 6. Conclusion, proposing a way forward.

Part 3 of this publication carries the three profiling reports relating to St Lucia, Seychelles and Vanuatu.

## Step 9: Drawing up of a report with project proposals

The policy framework gaps that are identified during the conference can be addressed by dedicated projects which could be supported by the donor community<sup>2</sup>. The conference itself would start the ball rolling in this regard, as it would contain a special session to identify such projects.

### Cost of the exercise

The profiling exercise involves expense, most of which would be associated with the organisation of the consultation conference, with the participation of about 80 persons.

The conference expenses to be covered relate to the:

- hiring of the venue (main hall, plus three smaller rooms for the breakout sessions);
- hiring of equipment (PA, computers and printers, computer projectors, photocopier, internet stations)<sup>3</sup>;
- supply of catering services, including refreshment during the coffee breaks, lunches and a reception;
- printing and dissemination of information material and conference documentation publicity in the press; and
- setting up a dedicated website.

The services of an independent consultant to assist in the whole process and to draw up the final report, in consultation with the government, would also involve expense. Assistance could be sought from the Commonwealth Secretariat in this regard.

Expense would also be incurred to engage persons to staff the reception desk, to assist with the roving microphones during the discussion sessions and to act as ushers during the conference. Government support staff can be used for this purpose to save on cost.

The co-ordination team and the panellists, who would mostly be public officials or university persons, would possibly offer their services free of charge as part of their duties.

The government may seek financial support to cover these expenses. The Commonwealth Secretariat has met a large proportion of the expenses for the three profiling exercises carried out so far, with the governments of the countries profiled providing some co-funding<sup>4</sup>. However, there may be other sources of funding for this purpose.

## Follow up

When the profiling exercise is completed, and the reports submitted, the government of the profiled country, through the team leader, should publish the reports and final statement and circulate them within country to the various stakeholders.

The team leader should also consult with the different line ministries to explore ways as to how the country can build up its economic resilience on the lines indicated in the profiling report.

The government could also use the project's report to seek funding locally and internationally for the proposed projects.

It is advisable that small states undertake such a profiling exercise periodically, possibly every five years, given that economic resilience building is an important requisite to enhance the country's ability to cope with or withstand harmful economic shocks.

## Conclusion

This practical guide seeks to enable countries, especially small states, to conduct a profiling exercise in terms of economic vulnerability and resilience. However, it is just a guide and should not be interpreted as some set of regulations. In practice, different countries would require different approaches, and would face different financial and human resources constraints. In addition, the questionnaires could be modified so as to address issues which the country being profiled considers to be of major importance and which may not be given due importance in the questionnaire suggested in Appendix 1 to this chapter.

## Notes

- 1 Examples of vulnerability and resilience profile reports are presented in Part 3 of this publication.
- 2 Appendix 4 to this chapter presents a template that can be used to request funds and technical assistance.
- 3 Equipment can be transported from government offices to the meeting venue to save on cost.
- 4 If funding is sought for the profiling exercise, the equipment and human resources contribution by the country being profiled can be assigned a monetary value and offered as co-financing by the country being profiled.



# Appendix 1

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## Questionnaires for panel members

The questions would relate to four main resilience aspects, as shown in the following table:

Main themes	Sub-themes
1 Macro-economic	1.1 GDP fluctuations in recent years 1.2 Government finances 1.3 Inflation and unemployment 1.4 Trade, balance of payments and external debt
2 Market efficiency	2.1 Competition in domestic consumer markets 2.2 The workings of the labour market 2.3 The workings of the financial market 2.4 Government involvement in price setting
3 Political governance	3.1 Judicial independence, impartiality of courts and rule of law 3.2 Government transparency and accountability 3.3 Freedom of expression 3.4 Integrity of the political and legal systems
4 Social development and environmental concerns	4.1 The education system 4.2 The health system 4.3 Civil society participatory schemes in decision-making 4.4 Major environmental concerns

Each main theme would be discussed by a separate panel, so that there would be four panels in all, with each panel being composed of a chairperson and four panellists. Each panellist is to attempt to answer the questions set out below in his/her presentation. This would facilitate the collection of quantitative and qualitative information regarding the various aspects of economic resilience in the country.

### Instructions to responding panellists:

- a Each panellist would be assigned a sub-theme.
- b When presenting time-series data, cover a period of the last 10 years, if data is available.
- c Time-series data should preferably be presented in a diagram, and the sources of the data should be shown.
- d The responses to these questions are to be sent electronically by each panellist to the chairperson of the panel, who would then forward the responses to the co-ordinating team of the profiling exercise.
- e Each panellist is to give his/her name and contact details when submitting his/her responses to the chairperson of the panel.

- f Other topics may be added by a panellist if he/she considers such topics relevant to the aspect of resilience assigned to him/her.

## 1 Questions relating to Macro-economic Aspects of Resilience

There would be four experts forming the Panel on Macro-economic Aspects of Resilience, with each panellist being assigned one of the following sub-themes:

- 1.1 GDP fluctuations in recent years
- 1.2 Government finances
- 1.3 Inflation and unemployment
- 1.4 Trade, balance of payments and external debt

### 1.1 GDP fluctuations in recent years

- Do you consider GDP and its main components to have fluctuated excessively during the past 10 years? (Please produce diagrams and comment on GDP fluctuations during the past 10 years.)
- What are the major factors that gave rise to such fluctuations?
  - consumer expenditure
  - gross fixed capital formation
  - government expenditure patterns
  - exports
- What is the average import content of consumer expenditure and of exports?
- Has the government adopted policies to stabilise GDP fluctuations? (Please put forward a few recommendations in this regard.)

### 1.2 Government finances

- Do you consider the fiscal deficit in your country to be excessive? (Please produce diagrams and comment on the fiscal deficit during the past 10 years.)
- How have (i) tax and (ii) non-tax revenue policies influenced the fiscal balance in recent years?
- How have policies relating to (i) public sector wages, (ii) social expenditure (recurrent and capital), (iii) public debt servicing, and (iv) other expenditures influenced the fiscal balance in recent years?
- What policies have been in place relating to taxation and government expenditure to engender a healthy fiscal balance?
- What improvements would you suggest with regard to the fiscal balance?

### 1.3 Inflation and unemployment

#### *a Inflation*

- Describe movements in inflation in the past 10 years (Please produce diagrams and comment on the inflation during the past 10 years.)
- Do you consider the overall level of price inflation in your country to be high or adequate? Do you consider the overall level of price inflation in your country to be predictable?
- Explain how (i) fiscal policy, (ii) monetary policy and (iii) structural policy in your country have affected the rate of inflation in recent years.
- What improvements would you suggest with regard to the containment of inflation and improvement in inflation predictability.

### *b Unemployment rate*

- Describe developments in the unemployment rate during the past 10 years (Please produce diagrams and comment on the unemployment rate during the past 10 years.)
- Do you consider the unemployment rate in your country to be close to the natural rate?
- Explain how (i) fiscal policy, (ii) monetary policy and (iii) structural policy in your country have affected the rate of unemployment in recent years?
- What improvements would you suggest with regard to the reduction of unemployment?

## **1.4 Trade, balance of payments and foreign debt**

### *a Trade and balance of payments*

- Do you consider the merchandise trade gap and the services trade gap in the balance of payments of your country to be sustainable? (Please produce diagrams and comment on the foreign trade gap the past 10 years.)
- Do you consider your exports to be too concentrated on a few categories, and what are the constraints for export diversification?
- Explain how government policy has helped (or otherwise) to stabilise export earnings and to diversify your exports in recent years.
- What improvements would you suggest with regard to government policy with regard to export proceeds stabilisation and export diversification?

### *b Foreign debt*

- Do you consider the external assets in your country to be adequate? (Please produce diagrams and comment on the foreign debt during the past 10 years.)
- Do you consider the external debt servicing burden of your country to be too high?
- Explain how (i) fiscal policy, (ii) monetary policy and (iii) structural policy in your country have affected the net external asset position in recent years
- What improvements would you suggest with regard to the reduction of the debt burden?

## **2 Questions relating to Market Efficiency Aspects of Resilience**

There would be four experts forming the Panel on Market Efficiency Aspects of Resilience, with each panellist being assigned one of the following sub-themes:

- 2.1 Competition in domestic consumer markets
- 2.2 The workings of the labour market
- 2.3 The workings of the financial market
- 2.4 Government involvement in price setting

### **2.1 Competition in domestic consumer markets**

#### *a Extent of domestic competition*

- How would you describe the extent and nature of domestic competition in product and services markets in your country?
- Is competition legislation enacted in your country? If yes, what are its main provisions and is it suitably enforced?
- How are government policies with respect to market competition in your country fostering or hindering market efficiency?

- What improvements to competition law and policy would you suggest for your country?
- b Barriers to international trade*
- Describe tariff, subsidies and other tax-related trade barriers in existence in your country.
- Describe quantitative (quota) and other non-tax trade barriers in existence in your country.
- Where there important changes in the nature and extent of such barriers over the past 10 years?
- In what ways are such barriers contributing to or hindering market efficiency?
- What improvements to trade policies would you suggest for your country?
- c Participation in international trade agreements/regional trading blocks*
- Describe your country's involvement in bilateral arrangements and regional trade blocks, including coverage of products.
- In what ways are bilateral agreements and participation in trade blocks contributing to or hindering market efficiency?
- In your opinion, are there other arrangements in which your country can enter which would improve its economic resilience?

## 2.2 The workings of the labour market

### *a Skills mobility in the labour market*

- What is the proportion of the labour force with no skills and no primary education?
- What is the proportion of the labour force with only a primary level of education?
- What is the proportion of the labour force with only primary and secondary education?
- What is the proportion of the labour force with a university degree?

### *b Skills (rate as follows: very high, high, moderate, low, absent)*

- What is, in your opinion, the contribution of skill mismatches to the unemployment rate?
- What is, in your opinion, the extent of multi-skilling in the labour force?
- What is, in your opinion, the extent of adaptability/learning ability in the labour force?
- What major improvements are required to improve skills among members of the labour force?

### *c Provision of basic education*

- What are the primary and secondary school enrolment ratios and how do you rate the system?
- Have there been important changes in basic education over the past five years?
- In what ways does basic education contribute to market efficiency?
- What major improvements are required to enhance the contribution of basic education to promote market efficiency?

### *d Provision of other education levels*

- How do you rate the system of (a) vocational education, (b) tertiary education and (c) lifelong learning?
- Have there been important changes in (a) vocational education, (b) tertiary education and (c) lifelong learning over the past five years?

- What major improvements would you suggest to enhance the contribution of this type education to market efficiency?

*e Geographic mobility*

- Are constraints to the geographical mobility of labour contributing to unemployment in a significant way in your country?
- Do you consider a need for specific policies to encourage the geographic mobility of labour or for an improvement to existing policies?
- In what ways is labour mobility contributing to or hindering market efficiency?

*f Government involvement in wage setting*

- Describe the involvement (if any) of government in (a) minimum wage setting and (b) wage setting at the national and sectoral levels.
- What major changes have occurred in the nature and extent of government involvement in (a) minimum wage setting and (b) wage setting at the national and sectoral levels over the past five years (if any)?
- In what ways is government involvement in (a) minimum wage setting and (b) wage setting at the national and sectoral levels contributing to or hindering market efficiency?

*g Union power*

- To what extent are labour unions powerful in your country (if possible give the ratio of unionised workers to total employment).
- How is collective bargaining undertaken in your country? (At the national level, at the sectoral level and at the firm level, mixed?)
- What are the major priorities of unions in your country in collective bargaining (increase wages, improve conditions, others?)
- In what ways is union activity contributing to or hindering market efficiency?

## 2.3 The workings of the financial market

*a Exchange controls*

- What types of (a) controls on current account transactions, (b) controls on short term capital flows and (c) controls on long term capital flows including foreign direct investment and repatriation of profits are in place at present?
- In what ways have (a) controls on current account transactions, (b) controls on short term capital flows and (c) controls on long term capital flows changed over the past 10 years?
- In what ways are current controls contributing to or hindering market efficiency?

*b Interest rate controls*

- What types of direct controls on (a) bank deposit rates, (b) bank lending rates and (c) other interest rates such as corporate and government bonds, short term debt, etc. are in place at present?
- In what ways have such controls changed over the past ten years?
- In what ways are current controls contributing to or hindering market efficiency?

*c Quantitative controls of capital flows to the rest of the world*

- What types of capital flows controls are in place at present?
- In what ways have such controls changed over the past five years?
- In what ways are current controls contributing to or hindering market efficiency?

## **2.4 Government involvement in price setting**

*a Direct price fixing by regulation, including minimum and maximum prices*

- Describe government involvement in price setting (if any) including coverage of products and extent of price distortions. Make reference to direct price fixing by regulation, including minimum and maximum prices.
- Have there been important changes in the nature and extent of involvement in price setting over the past ten years?
- In what ways is such involvement contributing to or hindering market efficiency?

*b Indirect taxation on products and services*

- Describe indirect taxation on products and services (if any), including coverage of products and extent of price distortions.
- Have there been important changes in the nature and extent of indirect taxation on products and services over the past ten years?
- In what ways is indirect taxation contributing to or hindering market efficiency?

*c Subsidies on products and services*

- Describe subsidies on products and services (if any), including coverage of products and extent of price distortions
- Have there been important changes in the nature and extent of subsidies on products and services over the past ten years?
- In what ways are subsidies on products and services contributing to or hindering market efficiency?

## **3 Questions relating to Governance Aspects of Resilience**

There would be four experts forming the Panel on Governance Aspects of Resilience, with each panellist being assigned one of the following sub-themes:

- 3.1 Judicial independence, impartiality of courts and the rule of law
- 3.2 Government transparency and accountability
- 3.3 Freedom of expression
- 3.4 Integrity of the political and legal systems

### **3.1 Judicial independence, impartiality of courts and the rule of law**

*a Rule of law including adequacy of the legislative process, law enforcement and the judiciary (Rank as very high, high, moderate, low, very low)*

- How would you describe the present situation regarding rule of the law in the country (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
- What policy improvements would you suggest regarding this governance aspect?

### **3.2 Government transparency and accountability**

*a Property rights, including the freedom to exclusively own and trade assets*

- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?

- In what ways is this governance aspect hindering the country's ability to respond to external shocks?
  - What policy improvements would you suggest regarding this governance aspect?
- b Freedom from corruption*  
(Rank as very high, high, moderate, low, very low)
- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
  - What developments have occurred in this governance aspect over the past ten years?
  - In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
  - What policy improvements would you suggest regarding this governance aspect?

### 3.3 Freedom of expression

*a Freedom of expression, including the effective action of independent media*

(Rank as very high, high, moderate, low, very low)

- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
- What policy improvements would you suggest regarding this governance aspect?

*b Respect for human rights*

- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
- What policy improvements would you suggest regarding this governance aspect?

### 3.4 Integrity of the political and legal systems

*a Security, including freedom from crime, civil strife and from threats of international aggression*

(Rank as very high, high, moderate, low, very low)

- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
- What policy improvements would you suggest regarding this governance aspect?

*b Institutional development, including the presence of governance structures in the public and private sectors*

- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?

- What policy improvements would you suggest regarding this governance aspect?  
*c Participation in regional political and security arrangements*
- How would you describe the present situation in the country, (as it compares to countries considered to be highly ranked in terms of this attribute)?
- What developments have occurred in this governance aspect over the past ten years?
- In what ways is this governance aspect contributing to or hindering the country's ability to respond to external shocks?
- What policy improvements would you suggest regarding this governance aspect?

#### **4 Questions relating to Social Development and Environmental Concerns**

There would be four experts forming the Panel on Social Development and Environmental Aspects of Resilience, with each panellist being assigned one of the following sub-themes:

- 4.1 The education system
- 4.2 The health system
- 4.3 Civil society participatory schemes in decision-making
- 4.4 Major environmental concerns

##### **4.1 The education system**

- Describe present policy approaches and the extent of assistance provided to ensure a high level of primary, secondary and tertiary education in the country.
- What important developments have occurred in education over the past 10 years?
- In what ways are government education policies contributing to or hindering social development?
- What improvements would you suggest to such policies?

##### **4.2 The health system**

- Describe present policy approaches and the extent of assistance provided to ensure a high level of health services in the country.
- What important developments have occurred in health services over the past 10 years?
- In what ways are government health policies contributing to or hindering social development?
- What improvements would you suggest to such policies?

##### **4.3 Social cohesion, civil society participatory schemes in decision-making and dialogue between the social partners (i.e. dialogue between employee unions, the business community and the government)**

- Describe present policy approaches and the extent of assistance provided to ensure a high level of social cohesion, civil society participation and social dialogue in the country.
- What important developments have occurred in social cohesion, civil society participation and social dialogue over the past 10 years?
- In what ways are government policies relating to social cohesion, civil society participation and social dialogue contributing to or hindering social development?
- What improvements would you suggest to such policies?



#### 4.4 Major environmental concerns

##### *a Environmental policies*

- Describe present policy approaches and the extent of assistance provided to ensure environmental sustainability, including (a) solid waste management, (b) liquid waste management, (c) reduction of carbon emissions, (d) management of environmentally-protected areas, (e) promotion of renewable energy, (f) coastal zone management, (g) fresh water management and (h) sustainable land-use.
- What important developments have occurred in environmental policy over the past 10 years?
- In what ways are government policies relating to the environment contributing to or hindering environmental sustainability?
- What improvements would you suggest to such policies?

##### *b Ratification of international instruments*

- Which of the following international instruments have been ratified by your country?
  - The UN Framework Convention on Climate Change and the Kyoto Protocol
  - The Vienna Convention on the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer
  - The Convention on Long Range Transboundary Air Pollution
  - The UN Convention on the Law of the Sea
  - The London Dumping Convention
  - The International Convention for the Prevention of Pollution from Ships (MARPOL)
  - The Convention on Biological Diversity
  - The Convention on International Trade in Endangered Species of Wild Fauna and Flora
  - The Ramsar Convention on Wetlands
  - The Bonn Convention on Migratory Species
  - The Basel convention on the Transboundary Movement of Hazardous Wastes and their Disposal
  - The Aarhus Convention on Access to Environmental Information, Access to Public Participation and Access to Justice in Environmental Matters
  - Others (which?)

## Appendix 2

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### **A model programme for the Consultation Conference**

#### **Day 1**

0800–0900 Registration and welcome coffee

#### **Introductory session**

0900–0915 Introductory speech on the purpose and structure of the conference by the convener of the conference

0915–0945 Inauguration speech by representative of the government

0945–1030 'Juxtaposing Economic Vulnerability and Economic Resilience'  
Keynote speech by invited expert  
Questions and comments from the floor

1030–1100 *Coffee break*

#### **Panel Sessions 1 and 2**

1100–1300 **Panel session 1: Macro-economic stability**

Four brief presentations on different aspects of the theme  
Questions and comments from the floor and brief response by speakers

1300–1400 *Lunch*

1400–1600 **Panel session 2: Market efficiency**

Four brief presentations on different aspects of the theme  
Questions and comments from the floor and brief response by speakers

1600–1630 *Coffee break*

1630–1730 **Report by the chairs of panel sessions 1 and 2 on main issues**

Followed by questions and comments from the floor and brief response by chairs

1900 *Reception*

#### **Day 2**

#### **Panel Sessions 3 and 4**

0900–1030 **Panel session 3: Governance**

Four brief presentations on different aspects of the theme  
Questions and comments from the floor and brief response by speakers

1030–1100 *Coffee break*

- 1100–1230**      **Panel session 4: Social and environmental concerns**  
Four brief presentations on different aspects of the theme  
Questions and comments from the floor and brief response by speakers
- 1230–1315**      **Report by the chairs of panel sessions 3 and 4 on main issues**  
Followed by questions and comments from the floor and brief response by chairs
- 1315–1400*      *Lunch*
- 1400–1600**      **Breakout into groups to propose projects to address resilience gaps**  
Group 1: Macro-economic stability projects  
Group 2: Market efficiency projects  
Group 3: Good governance projects  
Group 4: Social and environmental concerns projects
- 1600–1700**      **Report by the chairs of the breakout sessions on main conclusions of each group**  
Questions and comments from the floor and brief response by chairs
- 1700–1730**      **Discussion and approval of final statement**
- 1730–1800**      **Concluding session**  
Next steps and concluding remarks by a government representative

# Appendix 3

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## **Final statement of the Consultation Conference on the Economic Vulnerability and Resilience Profiling of Vanuatu**

We, participants attending the Consultation Conference on Profiling Economic Vulnerability and Resilience held at Port Vila, Vanuatu, between 22 and 24 June 2009:

### **The Consultation Conference**

- 1 Recognise that the Vanuatu Consultation Conference has started a process of country profiling to assess the inherent features which lead to economic vulnerability, as well as the policies which are conducive to resilience building;
- 2 Recognise also that the conference has enabled us to discuss opportunities for economic resilience building relating to macro-economic stability, micro-economic market efficiency, political and environmental governance and social development, as well as to **identify priorities for action through a number of practical projects which can be funded for the purpose of economic resilience building in Vanuatu;**
- 3 Anticipate that such profiling would complement the existing vulnerability and resilience indices with an in-depth quantitative and qualitative data to enable the authorities of Vanuatu as well as the donor community to identify gaps in capacity and to propose measures that need to be undertaken in order to enable the country to strengthen its ability to withstand and recover from economic shocks;

### **Economic Vulnerability**

- 4 Reaffirm that economic vulnerability limits the options of Vanuatu in pursuing sustainable development goals;
- 5 Recognise that various inherent features of Vanuatu lead to economic vulnerability including:
  - its high dependence on international trade which, while bringing benefits to economic activity, also results in high degree of exposure to events in global markets and to developments in the global trade regime, including preference erosion, over which it has little influence;
  - its high dependence on a narrow range of exports, dependence on strategic imports and limited options for diversification;
  - its susceptibility to climate change and to natural disasters;
- 6 Recognise also that the economic vulnerability of Vanuatu can exacerbate social and environmental vulnerabilities which should be addressed by relevant policy intervention;

## **Economic Resilience Building**

- 7 Note that some small states have been able to achieve high levels of economic development in spite of their inherent vulnerabilities through appropriate policy orientations focused on building resilience while, at the same time, other vulnerable small states continue to face considerable development challenges;
- 8 Agree that resilience building in Vanuatu should be given priority in view of the country's high degree of economic vulnerability and reaffirm that the concept of economic resilience does not detract from Vanuatu's need for special consideration by the donor community by virtue of its inherent vulnerability. This should be done in the context of dialogue and partnership with all stakeholders;

## **The Role of the International Development Partners in Supporting Economic Resilience Building**

- 9 Recall the Mauritius Strategy adopted at the International Meeting to Review the Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, wherein, in Article 81 it was stated that 'Consideration should be given to the establishment of a task force to elaborate a resilience index, supported by the international community' and call upon the international community to continue supporting small states in their attempt to build and strengthen their economic resilience in order to withstand the effects of adverse exogenous shocks;
- 10 Commend the work carried out by the Commonwealth Secretariat and the Islands and Small States Institute of the University of Malta in developing the vulnerability and resilience indices and of international and regional organisations that have supported efforts by small states towards the promotion of their sustainable development;
- 11 Stress that while Vanuatu has an important responsibility for building its own economic resilience, there is a crucial role to be played by the international community in supporting Vanuatu in this endeavour;
- 12 Call upon the international development partners to develop a resilience funding facility in order to support the endeavours of small states, including Vanuatu, in building capacity so as to strengthen their economic resilience with the aim of withstanding or bouncing back from the impacts of adverse exogenous shocks;
- 13 Propose that in addition to countries preparing their Article 4 Consultation within the IMF structure, the Poverty Reduction Strategy and Action Plan (PRSAP) and the government's annual budget, small states in particular should prepare a vulnerability and resilience profile in conjunction with the preparation of the Medium Term Development Strategy and in line with the template prepared in this consultation conference;
- 14 Propose that the issue of resilience building be mainstreamed into the discussion related to the WTO Work Programme for Small Vulnerable Economies;

## **Follow-up by Government of Vanuatu**

- 15** Agree that this statement be submitted to the Cabinet of Ministers of Vanuatu for the attention and note of the government;
- 16** Agree that the country profile report identifying the resilience gaps and suggested policy interventions that would be drawn up in due course by the Commonwealth Secretariat would also be submitted to the Cabinet of Ministers of Vanuatu for the attention and note of the government;

## **Expression of Gratitude**

- 17** Express our gratitude to the Government of Vanuatu, the Commonwealth Secretariat and the Islands and Small States Institute of the University of Malta for taking the initiative to organise this successful conference.

# Appendix 4

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## **Guidelines for requesting technical assistance for resilience building projects**

### **1 Project Details**

**Project title:**

*(The title should reflect the development objective(s) of the project)*

**Requesting agency/organisation:**

**Implementing agency/organisation:**

*(Ministry or host organisation that would be the main implementing agency)*

**Name and Surname of the designated Project Manager:**

**Contact details:**

*(Contact details of assigned officer who would be the main contact person for operational and implementation purposes)*

Postal Address:

Telephone number:

Fax No:

Email address:

**Proposed project duration:**

**Proposed date of commencement:**

### **2 Project Definition and Context**

**Rationale and context:**

*(Brief description of the policy and operational context of the project including specific problem being addressed)*

**Project goal:**

*(Statement outlining the wider or longer term impact the project is intended to achieve)*

**Purpose of the project:**

*(Description of the benefits to the target group and/or changes that would occur if project outputs are delivered)*

**Expected outputs:**

*(What are the intended results of project activities? What does the project hope to achieve in the short run?)*

**Description of the project:**

*(How would planned strategies and/or activities lead to/produce the expected outputs/outcomes?)*

**Main beneficiaries and expected impact:**

*(Country/regional target beneficiary group including composition, e.g. gender, youth or other relevant factors)*

**National/regional relevance:**

*(Alignment and relevance to member country's national/regional priorities as outlined in National/Regional Development Plan or Poverty Reduction Strategy)*

**Assessment of sustainability:**

*(Explanation of measures to be incorporated within the project and outside to ensure the sustainability of project benefits beyond completion e.g. arrangements for a local counterpart to understudy the consultant or alternative arrangements for support and transfer of learning)*

**Collaborating/partner organisations:**

*(Details of any partners who would be collaborating on the project and the nature of relationship, roles, responsibilities and contributions of each)*

**Contribution of requesting authority/implementing agency:**

*(Outline the contributions – in cash or in-kind – to be given by the requesting authority or implementing agency in support of the project)*