WBG SCORECARD FY24-FY30 METHODOLOGY NOTE

WBG Client Context & Vision Indicators

The purpose of this note is to ensure the rigor, transparency, and reproducibility of the WBG client context and vision indicators included in the new WBG Scorecard FY24-FY30, as well as their alignment with the WBG's vision. Technical teams were asked to provide a sufficiently detailed methodology so that anyone who reads this note can understand its rationale, theory of change, data sources, and method of calculation.

Definitions included in this template are aligned to the WBG Scorecard paper endorsed by the Board on Dec 19th, 2023. The methods notes are living documents and will be subject to updating and revision pending operational inputs and implementation lessons over time.

OVERVIEW	
INDICATOR NAME	**Countries with tax revenue-to-GDP ratios (including social security contributions) below or equal to 15%**
SUB-INDICATORS	N/A
VISION / CLIENT CONTEXT	☐Vision indicator ☒Client context indicator
OUTCOME AREA	☐Protection for the Poorest ☐Healthier Lives ☐Green and blue planet and resilient populations ☐Sustainable food systems ☐Affordable, reliable, and sustainable energy for all ☐Digital services ☐More and Better Jobs ☐No Learning Poverty ☒Effective Macroeconomics and Fiscal Management ☐Inclusive and equitable water and sanitation services ☐Connected Communities ☐Digital connectivity ☐Gender equality and youth inclusion ☐Better Lives for People in Fragility, Conflict, and Violence ☐More private investments
SDG ALIGNMENT	**See https://sdgs.un.org/ for further details on SDGs:** ☒ 1. No Poverty ☒ 2. Zero Hunger ☒ 3. Good Health and Well-being ☒ 4. Quality Education ☐ 5. Gender Equality ☐ 6. Clean Water and Sanitation ☒ 7. Affordable and Clean Energy ☒ 8. Decent Work and Economic Growth ☒ 9. Industry Innovation and Infrastructure ☐ 10. Reduced Inequalities ☐ 11. Sustainable Cities and Communities ☐ 12. Responsible Consumption and Production ☒ 13. Climate Action ☐ 14. Life Below Water ☐ 15. Life on Land ☐ 16. Peace, Justice and Strong Institutions ☒ 17. Partnerships for the Goals List of specific UN targets (if applicable):
UNIT OF MEASURE	☐Number of people ☒Number of countries ☐USD ☐GW ☐Hectares ☐tCO2eq/year ☐Other: _______________ [Please specify]
LEGACY INDICATOR NAME	☐WB Old Scorecard indicator: ☒WBG Old Scorecard indicator: [Countries with taxes/GDP above or equal to 15% (#)] ☐N/A
RATIONALE	
DEFINITION	The number of countries with a tax-to-GDP ratio (including social security contributions) at or below 15 percent.

DEVELOPMENT RELEVANCE	The indicator supports progress in domestic revenue mobilization (DRM), which plays a critical role in the World Bank's triple mission.[1] DRM is essential in financing investments in human capital and infrastructure that support inclusive growth, adaptation, and the low-carbon transition.[2] Recent evidence suggests that countries with tax-to-GDP ratios above 15 percent can expect higher GDP growth in the next five years than countries with lower tax-to-GDP. While specific needs and choices may differ, collecting tax revenue above 15 percent of GDP is also associated with significantly higher spending in crucial sectors like education and healthcare. In turn, investing in people creates an environment that supports economic growth.[3] The indicator is explicitly aligned with SDG target 17.1, in addition to indirectly supporting almost all SDGs through increased investment and pro-poor spending.[4]
LIMITATIONS	The data behind the extended WEO are collected by IMF country desk economists, and this collection process is publicly available in documents supporting the World Economic Outlook publication. The ratio can also be calculated from data provided in the World Bank's Macro-Fiscal Model (MFMOD). The WEO includes observations for recent years, incorporating own estimates where other sources leave observations missing. It also establishes its own concepts, definitions, classifications, and valuation procedures to better harmonize methodologies and ensure comparability across countries.

DATA AND CALCULATION

DATA SOURCE(S)	The data source is the extended WEO database – an internal version of the WEO database which includes some non-public-facing data. This database is maintained by the IMF and is released with the publication of their WEO report, in October and April. With the development of the MFMOD database by the Bank, the indicator will transition from utilizing the IMF dataset to relying on the World Bank's dataset. The indicator uses World Economic Outlook (WEO) data. The database has data on tax revenue (not counting social security contributions) for 132 of 144 IDA, Blend, or IBRD client countries in 2023. Alternative sources (MFMOD, UNUWIDER, GFS, OECD) cover fewer countries, and most do not have data through the current year. Social security contributions coverage is smaller in the WEO, at 97 of 144 client countries in 2023. With the development of the MFMOD database by the Bank, the indicator will transition from utilizing the IMF dataset to relying on the World Bank's dataset.
METHOD OF CALCULATION (CORE)	This indicator uses data on tax revenue, social contributions, and gross domestic product from the extended WEO. Data come from the national statistics agencies in each country, with some adjustments reflecting alignment with concepts, definitions, classifications, and valuation procedures used by the IMF to ensure comparability across countries. Data standards are consistent with the *System of National Accounts* (SNA 2008). Social contributions figures are added to tax revenue to reflect consistency with an international definition of the tax level. In many countries (47 client countries in 2023), data on social contributions are not available. In most cases, this reflects the lack of a social security provision, not missing data on an existing provision. Thus, missing social security contribution data are treated as zeros, and in these cases by default data on tax revenue alone are used in our calculation of total tax revenue. Then, the sum of tax revenue and social contributions is divided by GDP and expressed as a percentage, allowing comparison of countries both to each other and to the 15 percent threshold. Countries with missing data and countries with tax-to-GDP ratios above 15 percent are treated similarly, in that they are not counted as having tax-to-GDP ratios below or equal to 15 percent.

[1] The Evolution Roadmap emphasizes the role of World Bank support to countries with Tax Revenue to GDP at or below 15%. Hence bank support through analytics, lending and TA will focus on those countries.
[2] Gaspar, Jaramillo, and Wingender (IMF 2016).
[3] For instance, improving education outcomes by just one year can boost hourly earnings by 10 percent, with even higher returns in Sub-Saharan Africa.
[4] As part of the calculation of this indicator, the reporting team will calculate baseline number for the years 2019-2021, which will not be reported along with the indicator but will be cited for context as the indicator develops over time.

	Therefore, for countries with missing data, the latest figures of tax-to-GDP will be used where possible, going back only as far as the baseline years. Countries covered by the methodology are only client countries (IBRD and IDA).
METHOD OF CALCULATION (DISAGGREGATION)	Since the data we will use to measure this indicator are already at the country level, providing figures for different country groups for both the baseline and subsequent years requires only summing results for qualifying countries within each group.
VERSION	Version 1. Revised March 28, 2024