



# 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 19<sup>th</sup>, 2023. The methods notes are living documents and will be subject to updating and revision pending operational inputs and implementation lessons over time.

OVERVIEW			
<b>INDICATOR NAME</b>	Global average income shortfall from a prosperity standard of \$25/day		
<b>SUB-INDICATORS</b>	N/A		
<b>VISION / CLIENT CONTEXT</b>	<input checked="" type="checkbox"/> Vision indicator <span style="margin-left: 200px;"><input type="checkbox"/> Client context indicator</span>		
<b>OUTCOME AREA</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Protection for the Poorest  <input type="checkbox"/> Healthier Lives  <input type="checkbox"/> Green and blue planet and resilient populations  <input type="checkbox"/> Sustainable food systems  <input type="checkbox"/> Affordable, reliable, and sustainable energy for all  <input type="checkbox"/> Digital services  <input type="checkbox"/> More and Better Jobs               </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> No Learning Poverty  <input type="checkbox"/> Effective Macroeconomics and Fiscal Management  <input type="checkbox"/> Inclusive and equitable water and sanitation services  <input type="checkbox"/> Connected Communities  <input type="checkbox"/> Digital connectivity  <input type="checkbox"/> Gender equality and youth inclusion  <input type="checkbox"/> Better Lives for People in Fragility, Conflict, and Violence  <input type="checkbox"/> More private investments               </td> </tr> </table>	<input type="checkbox"/> Protection for the Poorest <input type="checkbox"/> Healthier Lives <input type="checkbox"/> Green and blue planet and resilient populations <input type="checkbox"/> Sustainable food systems <input type="checkbox"/> Affordable, reliable, and sustainable energy for all <input type="checkbox"/> Digital services <input type="checkbox"/> More and Better Jobs	<input type="checkbox"/> No Learning Poverty <input type="checkbox"/> Effective Macroeconomics and Fiscal Management <input type="checkbox"/> Inclusive and equitable water and sanitation services <input type="checkbox"/> Connected Communities <input type="checkbox"/> Digital connectivity <input type="checkbox"/> Gender equality and youth inclusion <input type="checkbox"/> Better Lives for People in Fragility, Conflict, and Violence <input type="checkbox"/> More private investments
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<b>SDG ALIGNMENT</b>	<p>See <a href="https://sdgs.un.org/">https://sdgs.un.org/</a> for further details on SDGs:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> 1. No Poverty  <input type="checkbox"/> 2. Zero Hunger  <input type="checkbox"/> 3. Good Health and Well-being  <input type="checkbox"/> 4. Quality Education  <input type="checkbox"/> 5. Gender Equality  <input type="checkbox"/> 6. Clean Water and Sanitation  <input type="checkbox"/> 7. Affordable and Clean Energy  <input type="checkbox"/> 8. Decent Work and Economic Growth  <input type="checkbox"/> 9. Industry Innovation and Infrastructure               </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> 10. Reduced Inequalities  <input type="checkbox"/> 11. Sustainable Cities and Communities  <input type="checkbox"/> 12. Responsible Consumption and Production  <input type="checkbox"/> 13. Climate Action  <input type="checkbox"/> 14. Life Below Water  <input type="checkbox"/> 15. Life on Land  <input type="checkbox"/> 16. Peace, Justice and Strong Institutions  <input type="checkbox"/> 17. Partnerships for the Goals               </td> </tr> </table> <p>List of specific UN targets (if applicable):</p>	<input checked="" type="checkbox"/> 1. No Poverty <input type="checkbox"/> 2. Zero Hunger <input type="checkbox"/> 3. Good Health and Well-being <input type="checkbox"/> 4. Quality Education <input type="checkbox"/> 5. Gender Equality <input type="checkbox"/> 6. Clean Water and Sanitation <input type="checkbox"/> 7. Affordable and Clean Energy <input type="checkbox"/> 8. Decent Work and Economic Growth <input type="checkbox"/> 9. Industry Innovation and Infrastructure	<input checked="" type="checkbox"/> 10. Reduced Inequalities <input type="checkbox"/> 11. Sustainable Cities and Communities <input type="checkbox"/> 12. Responsible Consumption and Production <input type="checkbox"/> 13. Climate Action <input type="checkbox"/> 14. Life Below Water <input type="checkbox"/> 15. Life on Land <input type="checkbox"/> 16. Peace, Justice and Strong Institutions <input type="checkbox"/> 17. Partnerships for the Goals
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<b>UNIT OF MEASURE</b>	<input type="checkbox"/> Number of people <input type="checkbox"/> Number of countries <input type="checkbox"/> USD <input type="checkbox"/> GW <input type="checkbox"/> Hectares <input type="checkbox"/> tCO2eq/year <input checked="" type="checkbox"/> Other: Average factor by which income or consumption must be multiplied to reach the prosperity standard		
<b>LEGACY INDICATOR NAME</b>	<input checked="" type="checkbox"/> WB Old Scorecard indicator: [Countries with growth concentrated in the bottom 40% (%)] <input type="checkbox"/> WBG Old Scorecard indicator: <input type="checkbox"/> N/A		
RATIONALE			
<b>DEFINITION</b>	The average factor by which individuals’ income or consumption needs to be multiplied to bring everyone to the prosperity standard of \$25 per day as expressed in 2017 PPPs.		

## DEVELOPMENT RELEVANCE

The Global Prosperity Gap embodies the World Bank Group’s shared prosperity goal of “boosting prosperity, particularly for the poorest, to achieve more equitable societies.” To calculate the indicator, for every person in the world, the shortfall in the income or consumption from a global prosperity standard is expressed as a ratio  $z/y_i$ , where  $y_i$  is the income or consumption of the individual, and  $z = \$25$  per day is the prosperity standard, corresponding roughly to the median poverty line in high-income countries. The Global Prosperity Gap is the average of these ratios across all people, i.e., it is the average factor by which income or consumption needs to be multiplied to bring everyone to the prosperity standard of \$25 per day.

The Global Prosperity Gap is a distribution-sensitive measure that gives greater weight to poorer people. A person with income of \$2.50 contributes a factor of 10 to the prosperity gap, ten times more than a person with income of \$25 who contributes a factor of only one to the prosperity gap.<sup>1</sup> By giving the greatest weight to the poorest, the Global Prosperity Gap provides a statistical foundation for the principle of “leave no one behind.” The Global Prosperity Gap narrows, i.e., improves, when incomes anywhere in the world increase, and it improves fastest when incomes of the poorest increase, no matter where in the world they live. Equivalently, the global prosperity gap improves when global average income increases, as well as when global interpersonal income inequality declines, consistent with the goal of achieving “more equitable societies.”

The Global Prosperity Gap is calculated using household survey data in the Poverty and Inequality Platform (PIP), the home of the World Bank’s poverty and inequality data. This indicator will use the same data as is used for the World Bank’s poverty reporting and will be reported for the same time frame. Both the global poverty estimates and the Global Prosperity Gap will be updated twice a year based on the latest data available in PIP.

## LIMITATIONS

Because the Global Prosperity Gap is calculated using the same household survey data as the Bank’s global poverty estimates, it is subject to the same challenges of lags in the availability of household surveys. The Global Prosperity Gap will follow the same practices as the global poverty estimates to address gaps in household survey data. These surveys capture total household income or consumption which is divided equally among household members, thus ignoring any inequalities that exist within the household. Additionally, due to differences in the underlying survey instruments, PIP combines surveys in which consumption is the main household-level measure of well-being with surveys in which income is the measure of well-being. This presents challenges when constructing a distribution-sensitive welfare measure since inequality measured by income typically is higher than inequality measured by consumption.

## DATA AND CALCULATION

### DATA SOURCE(S)

Data are sourced from the World Bank’s Poverty and Inequality Platform. Estimations use household survey data typically produced by countries’ National Statistical Offices as the underlying data.

### METHOD OF CALCULATION (CORE)

The Global Prosperity Gap is the average ratio of everyone’s income or consumption from the \$25 per day threshold. Let  $y_i$  represent the income or consumption of individual  $i = 1, \dots, N$  and let  $z = \$25/\text{day}$  represent the prosperity standard. The Global Prosperity Gap indicator then is:

$$\text{Global Prosperity Gap} = \frac{1}{N} \sum_{i=1}^N \frac{z}{y_i}$$

The term  $z/y_i$  represents the factor by which the income or consumption of individual  $i$  needs to be multiplied to attain the prosperity standard  $z$  of \$25 per day. The Global Prosperity Gap is the

<sup>1</sup> To prevent very low measured income or consumption from dominating the prosperity gap, measured income or consumption below \$0.50 per day is set equal to \$0.50 per day when calculating the prosperity gap. This applies to roughly 0.3% of the world’s population in 2019. A technical group is working to further refine this bottom-coding threshold ahead of the release of country-level prosperity gaps in October 2024, as well as appropriate rules for updating this threshold when new PPPs are adopted.

	average factor by which income or consumption needs to be multiplied to bring everyone in the society to a prosperity standard of \$25 per day expressed in 2017 PPP\$. <sup>2</sup>
<b>METHOD OF CALCULATION (DISAGGREGATION)</b>	The Global Prosperity Gap is a population-weighted average of prosperity gaps calculated at the country level. The prosperity gap for any country group (including FCS, region, and country income groups) can therefore be calculated as a population-weighted average of the prosperity gaps for each country in the group.
<b>VERSION</b>	Version 1. Revised March 28, 2024.

<sup>2</sup> A complete technical description of the Global Prosperity Gap is available in [Aart Kraay, Christoph Lakner, Berk Özler, Benoit Decerf, Dean Jolliffe, Olivier Sterck, and Nishant Yonzan \(2023\). "A New Distribution-Sensitive Index for Measuring Welfare, Poverty and Inequality". World Bank Policy Research Working Paper No. 10470.](#)