



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	Number of countries with high inequality
SUB-INDICATORS	N/A
VISION / CLIENT CONTEXT	<input checked="" type="checkbox"/> Vision indicator <input type="checkbox"/> Client context indicator
OUTCOME AREA	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" 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 </div> <div style="width: 45%;"> <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 </div> </div>
SDG ALIGNMENT	<p>See https://sdgs.un.org/ for further details on SDGs:</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <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 </div> <div style="width: 45%;"> <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 </div> </div> <p>List of specific UN targets (if applicable):</p>
DISAGGREGATION	<input type="checkbox"/> Youth <input type="checkbox"/> Sex <input type="checkbox"/> Disability-inclusive <input checked="" type="checkbox"/> FCS <input checked="" type="checkbox"/> SS, SIDS and LDCs <input checked="" type="checkbox"/> IDA, IBRD, IFC and MIGA <input checked="" type="checkbox"/> Country income groups <input checked="" type="checkbox"/> Regions <input checked="" type="checkbox"/> WBG Joint Programming
LEGACY INDICATOR NAME	<input type="checkbox"/> WB Old Scorecard indicator: <input type="checkbox"/> WBG Old Scorecard indicator: <input checked="" type="checkbox"/> N/A
RATIONALE	
DEFINITION	The number of countries with high inequality, where countries with high inequality are defined as those with a Gini index greater than 40. This is based on the most recent household survey for a country. The indicator is reported for all countries with a harmonized consumption or income aggregates in the World Bank’s Poverty and Inequality Platform (PIP).

UNIT OF MEASURE	<input type="checkbox"/> Number of people <input checked="" type="checkbox"/> Number of countries <input type="checkbox"/> USD <input type="checkbox"/> GW <input type="checkbox"/> Hectares <input type="checkbox"/> tCO2eq/year <input type="checkbox"/> Other:
DEVELOPMENT RELEVANCE	<p>Reducing within-country inequality is key to sustainable development, as reductions in inequality are intertwined with poverty reduction, climate change adaptation, increased economic opportunities, and social cohesion. In economies with high inequality, structural factors such as location, gender, ethnicity, and race, can limit the opportunities available to individuals, preventing their development potential and ability to rise on the economic and social ladder. Higher inequality can also be associated with elite capture, in which policies that bring broad-based development gains are eschewed in favor of policies that benefit a minority. For more details, see Haddad et al. (forthcoming).</p>
LIMITATIONS	<p>While the Gini index is the most widely used measure of inequality, it does not have an intuitive scale or interpretation, so it may be difficult to understand what a threshold of 40 means. Furthermore, changes in the number of countries over time will need to be interpreted cautiously, as relatively few countries will have new data each year, and for countries that do have new data and are close to the threshold, small changes in the Gini could result in their classification changing. It will be important not to over-emphasize year-to-year changes in the classification of countries. 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 because inequality measured using income has been found to be higher than inequality measured using consumption, leading to some incomparability across countries (Haddad et al., forthcoming). The wealthiest households are often missing from household surveys, which could lead to some underestimation of inequality.</p>
DATA AND CALCULATION	
DATA SOURCE(S)	<p>The World Bank’s Poverty and Inequality Platform. Estimations use household survey data typically produced by countries’ National Statistical Offices as the underlying data.</p>
METHOD OF CALCULATION (CORE)	<p>The Gini coefficient for each country is derived using income or consumption aggregates from household surveys available in PIP. The income and consumption aggregates are harmonized across countries and over time to increase comparability. Further details on this process can be found in the PIP Methodology Handbook.</p> <p>The Gini index is calculated from these income and consumption aggregates and the resulting Lorenz curve, which plots the cumulative income or consumption share for a country (on the vertical axis) against the cumulative population share (on the horizontal axis). The Gini index is twice the area between the 45-degree line (which reflects perfect equality) and the observed Lorenz curve and is reported on a scale from 0 to 100.</p> <p>Mathematically, the Gini coefficient is the average transfer needed to make two people in a country equal, expressed relative to the country’s mean income or consumption (\bar{x}):</p> $Gini = \frac{1}{2\bar{x}N^2} \sum_{i=1} \sum_{j=1} x_i - x_j ,$ <p>where N is the number of people in a country.</p> <p>The number of countries with high inequality will be updated twice per year.</p>
METHOD OF CALCULATION (DISAGGREGATION)	<p>The number of countries with high inequality can be disaggregated based on any country groups, such as regions, fragile and conflict-affected situations, income groups, and small states.</p>