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	**Private investment as a percentage of GDP**	
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 List of specific UN targets (if applicable):	☐ 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
UNIT OF MEASURE	☐Number of people ☐Number of countries ☐USD ☐GW ☐Hectares ☐tCO2eq/year ☒Other: Percentage of GDP	
LEGACY INDICATOR NAME	☐WB Old Scorecard indicator: ☐WBG Old Scorecard indicator: ☒N/A	
RATIONALE		
DEFINITION	Private investment as a percentage of Gross Domestic Product (GDP) is based on nominal private fixed capital formation financed domestically or externally, and nominal GDP at market prices. Private investment, here is defined as private Gross Fixed Capital Formation (GFCF) from the National Income Accounts (NIA). It comprises gross outlays (in contrast to net outlays which subtract	

	depreciation of the existing capital stock). Investment goods and services are those that are not fully consumed in a year (machinery, equipment, buildings, etc.). They do not include financial assets. The term fixed indicates that changes in inventories are excluded. For the purposes of the data used here, the investment of the private sector includes those of private firms, households, and nonprofit agencies and, depending on the country, may also include the investments of state-owned enterprises. Private investment data are usually updated on a quarterly or yearly basis and measured by most statistical offices, leading to large and comparable country coverage. GDP at market prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for the depletion and degradation of natural resources.
DEVELOPMENT RELEVANCE	Private investment is pivotal in augmenting the productive capacity of economies. It introduces the capital and expertise that enable firms to integrate more efficient technologies and connect to global value chains to achieve economies of scale. Moreover, foreign direct investment (FDI) can facilitate technology transfer, including greener technologies and create new jobs opportunities. Private investments may increase the demand for labor, paving the way for better-paying jobs. The realization of the World Bank Group's new vision and mission requires partnership with the private sector for financing and sharing of experience, expertise, and technical know-how. The estimated financing gap for emerging markets and developing economies to achieve the U.N. Sustainable Development Goals (SDGs) and to address global challenges is significantly larger than the financing made available collectively for these economies by governments, bilateral partners, MDBs and DFIs. MDB/DFI financing must therefore be better leveraged to catalyze trillions in assets under management by the private sector.
LIMITATIONS	For economies with limited data availability, data on private investment has been estimated by the World Bank. Some national statistical offices only report total investment (i.e., the sum of private and government investment) in their NIA but do report government investment in the country's Government Financial Statistics (GFS). For such countries, the World Bank estimates government investment on an NIA basis using the GFS data. In these cases, private investment is calculated as the difference between total investment and government investment (see Method of calculation for more details). Note that a third subset of countries do not report private investment in the NIA and do not report government investment in the GFS. For those countries private investment data will not be computed. The following client countries are not part of the macroeconomic database for the MPO and therefore do not report GDP nor investment: Afghanistan, Antigua and Barbuda, Marshall Islands, Nauru, St. Kitts and Nevis, Trinidad and Tobago, Turkmenistan, Tuvalu, and Venezuela. In addition, private investment is not available for the following countries: Angola, Azerbaijan, Belarus, Bulgaria, Cambodia, Comoros, Republic of the Congo, Dominica, Equatorial Guinea, Eritrea, Fiji, Grenada, Guinea-Bissau, Guyana, Kazakhstan, Kiribati, Lao PDR, Lesotho, Libya, Federated States of Micronesia, Moldova, Mongolia, Morocco, Papua New Guinea, Samoa, Sao Tome and Principe, Solomon Islands, Somalia, South Sudan, Sri Lanka, St. Lucia, St. Vincent and the Grenadines, Sudan, Suriname, Tonga, Uzbekistan, Vanuatu, Yemen, Zambia. The ratio of GDP at market prices (in current USD) for countries reporting private investment in GDP of all client countries available in the macroeconomic database is close to 97%. Private investment as a share of GDP is a commonly used as an indicator to benchmark countries' performance and it is relatively straightforward to measure. However, (external) shocks that have a stronger impact on either nominal private investment or GDP—such as natural disasters reducing productive capacities—can lead to temporary fluctuations in the indicator not related to fundamentals that can be influenced by policymakers.

DATA AND CALCULATION

DATA SOURCE(S)	The Macro-fiscal Model (MFMOD) database is compiled for the biannual Macro Poverty Outlook (MPO). The database holds macroeconomic data for 186 countries. Historical data are sourced from national statistical offices, the World Bank's World Development Indicators, and the IMF's WEO, IFS and Balance of Payments databases. The data are validated and updated by MTI country teams. Data for most countries is based on calendar years, but data for 7 countries are reported on a fiscal year basis.[1] National income accounts (NIA) based on expenditure accounts exist for 165 countries with 111 countries reporting a split of Gross Fixed Capital Formation (GFCF) between private GFCF and general government GFCF.[2] Only data that were included in the Macro Poverty Outlook, and which have therefore been vetted by country economists, are reported.[3] Consequently, data for most high-income economies are not reported. The series are reported on an annual basis starting in 2000 and ending with the last historical data point, typically a year earlier.
METHOD OF CALCULATION (CORE)	The indicator is computed as a share of nominal GDP. The data are sourced from national statistical offices, WDI, and WEO. To account for differences in data availability, two different approaches are used to construct the private investment series: • For countries where the national statistical authority reports separate NIA data for both private and government investment in value terms, the official statistics are used. The data may need to be adjusted when the database is constructed to ensure that private investment plus government investment sum up to total investment. • For countries where a split between government and private investment series are not reported in the NIA, government investment is added from Government Financial Statistics (GFS) data. Private investment is then estimated as the difference between total investment from NIA and government investment from GFS data. Among countries that use the latest systems of GFS and NIA, the investment spending reported in the government accounts should be compatible with those reported by the NIA. In older versions of GFS accounts, government investment is reported net of the depreciation of fixed assets. In these cases, private investment will be overestimated by the value of depreciations of government fixed assets in the corresponding year. Private investment and GDP are flow variables and can be summed up across countries if they are reported in the same currency. We therefore convert nominal private investment and GDP, reported in local currency units (LCU), to nominal US Dollar series by dividing both series by market exchange rates. The indicator is available for 94 client countries. The MFMOD database is compiled by the MTI team for the biannual Macro Poverty Outlook (MPO). As part of the MPO process, the data are validated and updated by MTI country teams and used by the GEP team. The data are also part of the MPO package that is approved by MTI regional managers and CMUs.
METHOD OF CALCULATION (DISAGGREGATION)	The indicator is available for individual countries and can thus be aggregated for different country income groups, regions, or for LDCs.
VERSION	Version 1. Revised March 28, 2024

[1] Bhutan, Pakistan, Ethiopia, Haiti, Bangladesh, India, Iran; see here for more details on fiscal year accounts. Countries differ regarding data availability.
[2] Data on government series in the NIA and the fiscal accounts are general government statistics. For countries where general government statistics are not available country teams may proxy general government statistics with central government statistics.
[3] Country teams are asked to validate data and provide data updates at the beginning of each MPO. They also update their data as national statistical offices release data.