

# The Global Database of Shared Prosperity

September 2020 update<sup>1</sup>

Shared prosperity is the World Bank's second Twin Goal, introduced in 2013<sup>2</sup>. The monitoring of this goal is through the semi-annual update of the Global Database of Shared Prosperity (GDSP). The database is updated every Spring and Annual Meeting (April and October respectively).

## History of the Global Database of Shared Prosperity

The number of economies that can be included depends on the availability of household surveys. Although 166 economies have poverty rates in Povcalnet, much fewer economies have shared prosperity indicators given that calculation of this indicator requires more data. Whereas one household survey is needed to compute poverty, two comparable household surveys are needed to compute shared prosperity. Moreover, these surveys must also be conducted circa 2012–17 to ensure comparability of the shared prosperity indicator across economies.

Over time, the coverage of economies in the GDSP has varied (Table 1). The largest number of economies covered was in the fourth edition in 2017, with 93 economies. The current GDSP covers 91 economies. There are 78 economies represented in both the sixth and seventh editions of the GDSP, thanks to regular data collection in these economies. For example, in Latin America and the Caribbean, 14 economies have shared prosperity estimates in both editions; and in 13 of these, shared prosperity indicators have been updated with newer surveys.

Table 1. Global Database of Shared Prosperity vintages

Edition	Release date	Circa	Number of countries							Total
			EAP	ECA	LAC	MNA	OHI	SAR	SSA	
1	AM2014	2006-2011	3	23	14	4	0	6	15	65
2	AM2015	2007-2012	4	23	14	4	19	6	15	85
3	AM2016	2008-2013	7	24	16	2	20	4	9	82
4	AM2017	2009-2014	7	26	16	5	20	4	15	93
5	SM2018	2010-2015	6	27	16	4	20	3	12	88
6	AM2018	2010-2015	8	26	16	3	22	4	12	91
7	SM2020	2012-2017	7	24	14	4	23	4	15	91

Source: World Bank compilation based on data of GDSP (Global Database of Shared Prosperity), World Bank, Washington, DC, <http://www.worldbank.org/en/topic/poverty/brief/global-database-of-shared-prosperity>.

Note: AM=annual meetings in October; SM=spring meetings in April. Data used must be within two years of the shared prosperity period years.

<sup>1</sup> Prepared by Judy Yang and Minh Cong Nguyen.

<sup>2</sup> <https://www.worldbank.org/en/news/feature/2013/05/08/shared-prosperity-goal-for-changing-world>

## **The 7<sup>th</sup> edition of the GDSP**

This note provides a description of the GDSP as well as an update of the most recent release of the GDSP (the 7<sup>th</sup> edition). There are two main updates to the 7<sup>th</sup> edition of the GDSP compared to the 6<sup>th</sup> edition.

- This revision includes a revision to the 2011 PPPs. While PPP revisions do not impact growth rates, means and medians may differ from previous updates.
- The circa has been updated. This revision is anchored to circa 2012-2017.

## **Construction of the Shared Prosperity indicator**

### Welfare aggregate

The mean of the bottom 40 percent within each country refers to the average household per capita consumption or income among this segment of the population. The choice of income or consumption depends on the data available for each economy, and in most cases is consistent with the welfare aggregate used to measure poverty.

For China, shared prosperity is estimated by PovcalNet using grouped data. Because grouped data are provided separately for urban and rural populations, the national bottom 40 must be estimated. The bottom 40 is identified using the national poverty gap and choosing a poverty line that corresponds to the threshold consumption level of the national bottom 40 percent. PovcalNet uses a parametric Lorenz curve fitted on grouped data, an adjustment for differences in price levels between urban and rural areas, and urban–rural population shares from the WDI. Because shared prosperity is estimated using grouped data, it is approximate and may differ from using official microdata.

Countries in Europe and Central Asia and OECD-Europe using EU-SILC data and household income per capita as the welfare aggregate, the estimates for shared prosperity include negative incomes.

### Surveys used to calculate shared prosperity

Among the 166 economies with a poverty estimate, significantly fewer have a shared prosperity estimate because of stricter data requirements. Economies are included in the fall 2020 edition of the GDSP if the following requirements have been met:

- Two relevant household surveys have been conducted and have yielded comparable data.
- Among comparable surveys, one must be conducted within two years of 2012, and the other within two years of 2017.
- The period between the selected initial and end years should range between three and seven years.
- In cases where multiple surveys can fulfill these criteria, the most recent survey years are typically chosen.

## Coverage in the 7<sup>th</sup> edition of the GDSP

The seventh edition of the Global Database of Shared Prosperity (GDSP) presents income growth for the bottom 40 percent of the population in 91 economies circa 2012–17 (Table 2).

Shared prosperity is a measure of changes in consumption (or income) between two periods, meaning that calculating it requires at least two surveys within the benchmark period. Because of the limited number of surveys produced on a regular cycle in many economies, shared prosperity and the shared prosperity premium can be calculated, in this report, for only 91 of 218 economies, corresponding to 60 percent of the world's population.

*Table 2. Global Database of Shared Prosperity, Seventh Edition, Data Coverage Summary*

	Population, millions			Number of economies		
	All economies	Economies with poverty rate in Povcalnet	Economies with SP in the 7 <sup>th</sup> edition of the GDSP	All	Economies with poverty rate in Povcalnet	Economies with SP in the 7 <sup>th</sup> edition of the GDSP
East Asia and the Pacific	2081.7	2039.7	1966.7	24	19	7
Eastern Europe and Central Asia	493.81	493.81	425.61	30	30	24
Latin America and the Caribbean	636.91	625.13	428.99	31	25	14
Middle East and North Africa	382.90	376.20	196.40	13	12	4
South Asia	1814.40	1777.20	396.00	8	7	4
Sub-Saharan Africa	1078.20	1058.40	334.40	47	44	15
Rest of the world	1106.40	1034.45	798.00	65	29	23
Fragile and conflict-affected states	744	681.6	20.9	37	32	3
IDA	1640.2	1568	726.1	76	68	19
Low income	705.4	624.2	265.7	31	27	8
Lower-middle Income	3022.9	3006.7	1106.4	47	46	20
Upper-middle income	2655.6	2635.9	2273.5	60	51	28
High income	1210.3	1138.2	900.4	80	42	35
<b>Total</b>	<b>7594.3</b>	<b>7405</b>	<b>4546.1</b>	<b>218</b>	<b>166</b>	<b>91</b>

*Sources:* 7<sup>th</sup> edition of the GDSP (Global Database of Shared Prosperity), World Bank, Washington, DC, <http://www.worldbank.org/en/topic/poverty/brief/global-database-of-shared-prosperity>; PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>; WDI (World Development Indicators) (database), World Bank, Washington, DC, <http://data.worldbank.org/products/wdi>.

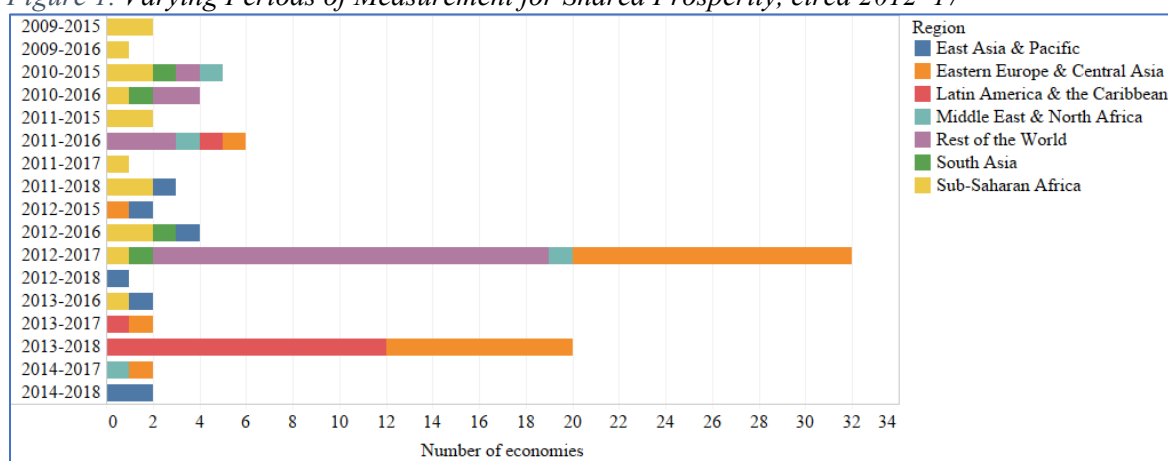
*Note:* SP = shared prosperity indicator. Averages across economies are simple averages, not population weighted. Shared prosperity growth rates are annualized.

## Spells in the 7<sup>th</sup> edition of the GDSP

The exact period for which shared prosperity is measured varies by country based on survey availability. Economies in Sub-Saharan Africa have the most variation in the period over which shared prosperity is measured because of the varied and infrequent collection of household surveys. Survey availability in Europe and Central Asia, Latin America and the Caribbean, and the rest of the world is the most consistent. As a result, shared prosperity is measured over the same periods for almost all economies in these regions (Figure 1).

Comparisons across regions should be made with caution. In many cases there is little overlap between periods measured by the circa 2012–17 shared prosperity indicators; the periods range from 2009–15 for Botswana and Namibia to 2014–18 for Indonesia and Thailand.

Figure 1. Varying Periods of Measurement for Shared Prosperity, circa 2012–17



Source: Global Database of Shared Prosperity, seventh edition, circa 2012–17.

## Changes from the 6<sup>th</sup> to 7<sup>th</sup> editions of the GDSP

Less frequent data collection means that some economies are only sporadically represented in the GDSP and have infrequent monitoring of shared prosperity. For example, although increased data collection efforts have boosted representation of Sub-Saharan Africa from 12 economies in the previous edition of the GDSP to 15 in the current edition (Table 3), only 6 of the region’s 48 economies are in both. Moreover, only one of these has a shared prosperity indicator that has been updated with new household survey data; the other five economies are using the same household surveys as in the previous edition of the GDSP because the coverage still fits within the definition of the time period and no new surveys have been conducted. If efforts at better data collection continue, however, it will be possible to have more information about shared prosperity in the region in the future.

In South Asia, shared prosperity indicators for the four available economies are the same in both the sixth and seventh editions, meaning that no new data have become available to update shared prosperity periods.

*Table 3. Global Database of Shared Prosperity, Changing Economy Coverage in Previous (sixth) and Current (seventh) Editions*

Region	Number of economies				
	Total	GDSP, sixth edition (PSPR 2018)	GDSP, seventh edition (PSPR 2020)	GDSP, sixth and seventh editions	With updated SP
East Asia and Pacific	25	8	7	7	6
Europe and Central Asia	30	26	24	22	22
Latin America and the Caribbean	31	16	14	14	13
Middle East and North Africa	14	3	4	3	2
South Asia	8	4	4	4	0
Sub-Saharan Africa	48	12	15	6	1
Rest of the world	62	22	23	22	21
<b>World</b>	<b>218</b>	<b>91</b>	<b>91</b>	<b>78</b>	<b>65</b>

*Source:* Global Database of Shared Prosperity; PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>; World Bank 2018c.

*Note:* GDSP = Global Database of Shared Prosperity; PSPR = Poverty and Shared Prosperity Report; SP = shared prosperity indicator. The number of economies is based on the set used to calculate global poverty in the 2018 lineup.