

The background of the slide features a close-up, slightly blurred image of several interlocking metal gears, suggesting a mechanical or systematic process.

# **STEP-BY-STEP** **THE LOGIC** **BEHIND THE TOOL**

# EXAMPLE

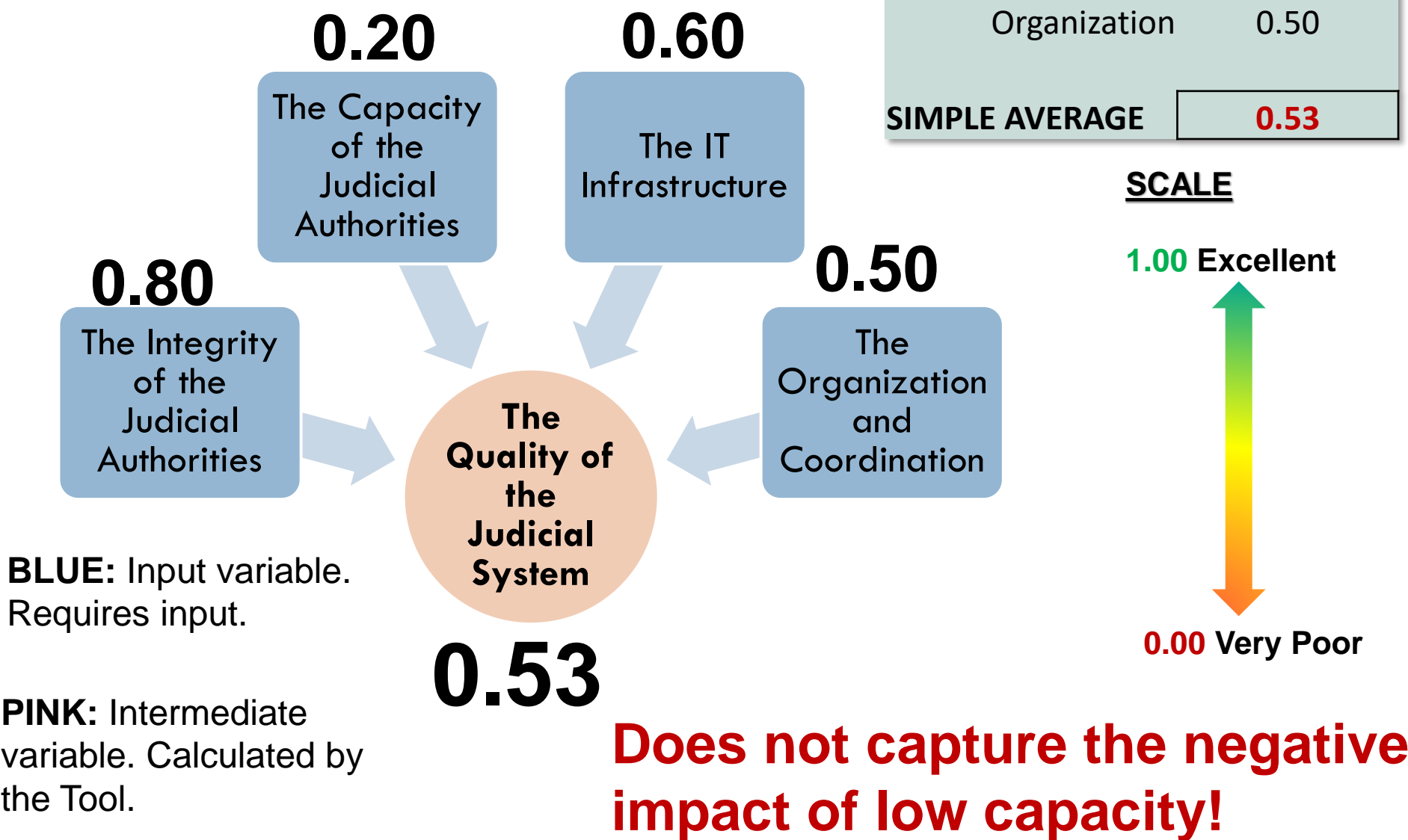
**What determines the quality of the judicial system in a country?**



**\* This variable is only for illustrative purposes and does not appear in the tool itself.**

# Simple Average

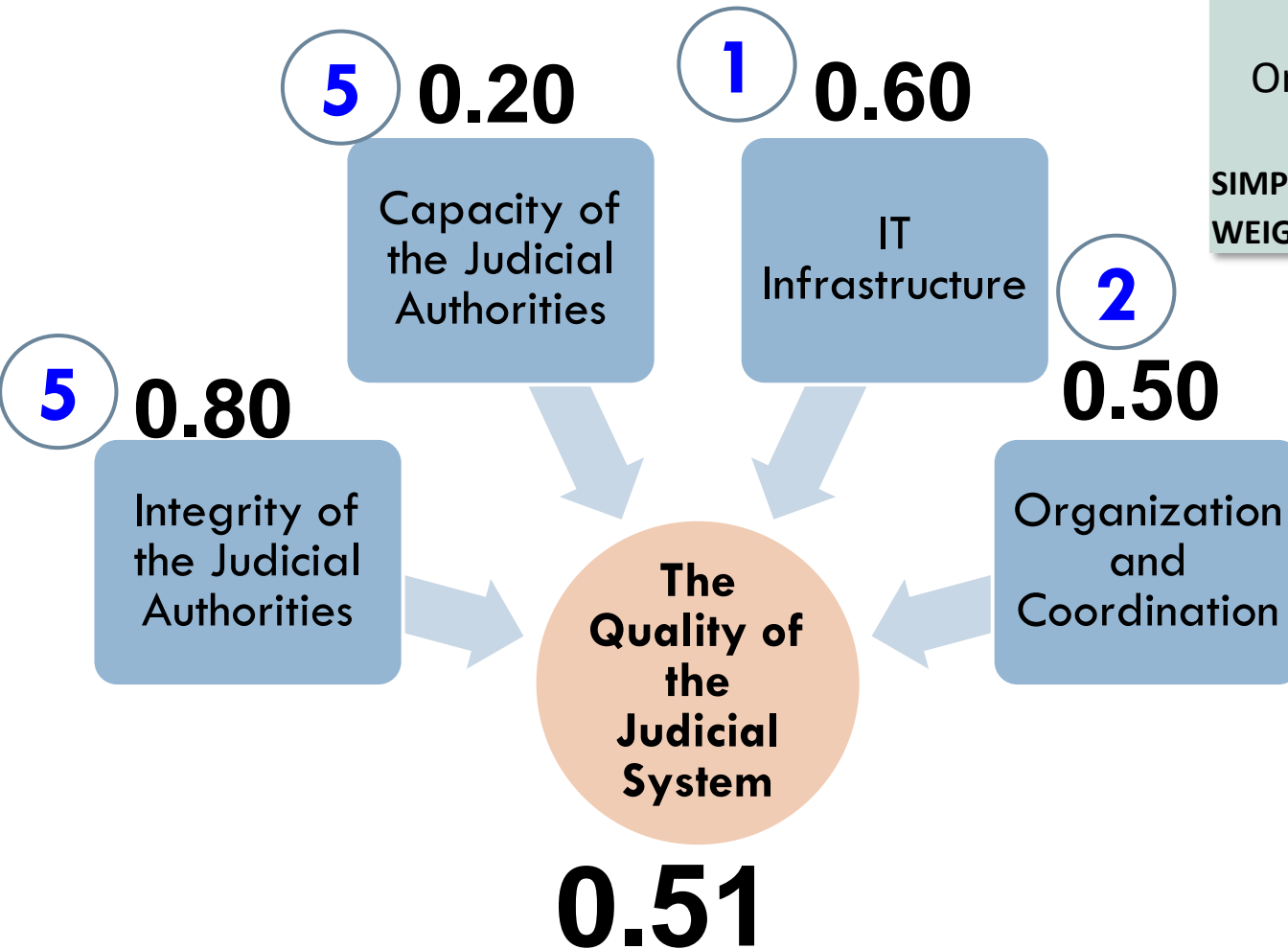
|                | Scores |
|----------------|--------|
| Integrity      | 0.80   |
| Capacity       | 0.20   |
| IT             | 0.60   |
| Organization   | 0.50   |
| SIMPLE AVERAGE |        |
| 0.53           |        |



**BLUE:** Input variable.  
Requires input.

**PINK:** Intermediate  
variable. Calculated by  
the Tool.

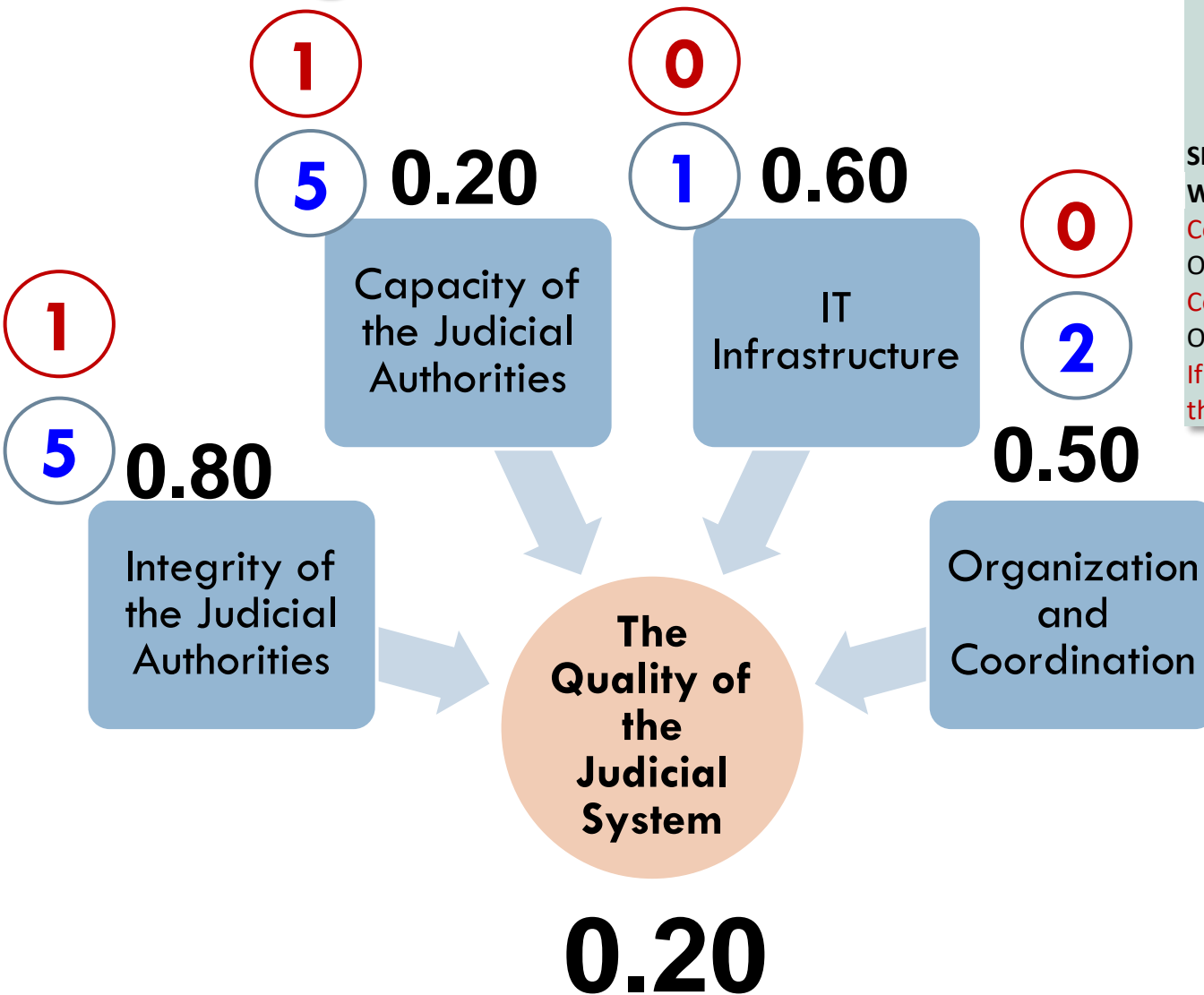
# Weighted Average



|                  | Scores | Weights |
|------------------|--------|---------|
| Integrity        | 0.80   | 5       |
| Capacity         | 0.20   | 5       |
| IT               | 0.60   | 1       |
| Organization     | 0.50   | 2       |
| SIMPLE AVERAGE   |        | 0.53    |
| WEIGHTED AVERAGE |        | 0.51    |

**Still, does not capture the negative impact of low capacity!**

# Adding conditions



|              | Scores | Weights |
|--------------|--------|---------|
| Integrity    | 0.80   | 5       |
| Capacity     | 0.20   | 5       |
| IT           | 0.60   | 1       |
| Organization | 0.50   | 2       |

|                  |      |
|------------------|------|
| SIMPLE AVERAGE   | 0.53 |
| WEIGHTED AVERAGE | 0.51 |

Condition 1:  
Output cannot exceed Integrity

Condition 2:  
Output cannot exceed Capacity

If Integrity and Capacity > WA  
then Output=WA

**More Realistic**

1 means that the quality of that input is a pre-condition for the quality of higher level (intermediate) variable. For example, the quality of the judicial system cannot be better than the capacity of the judicial authorities.

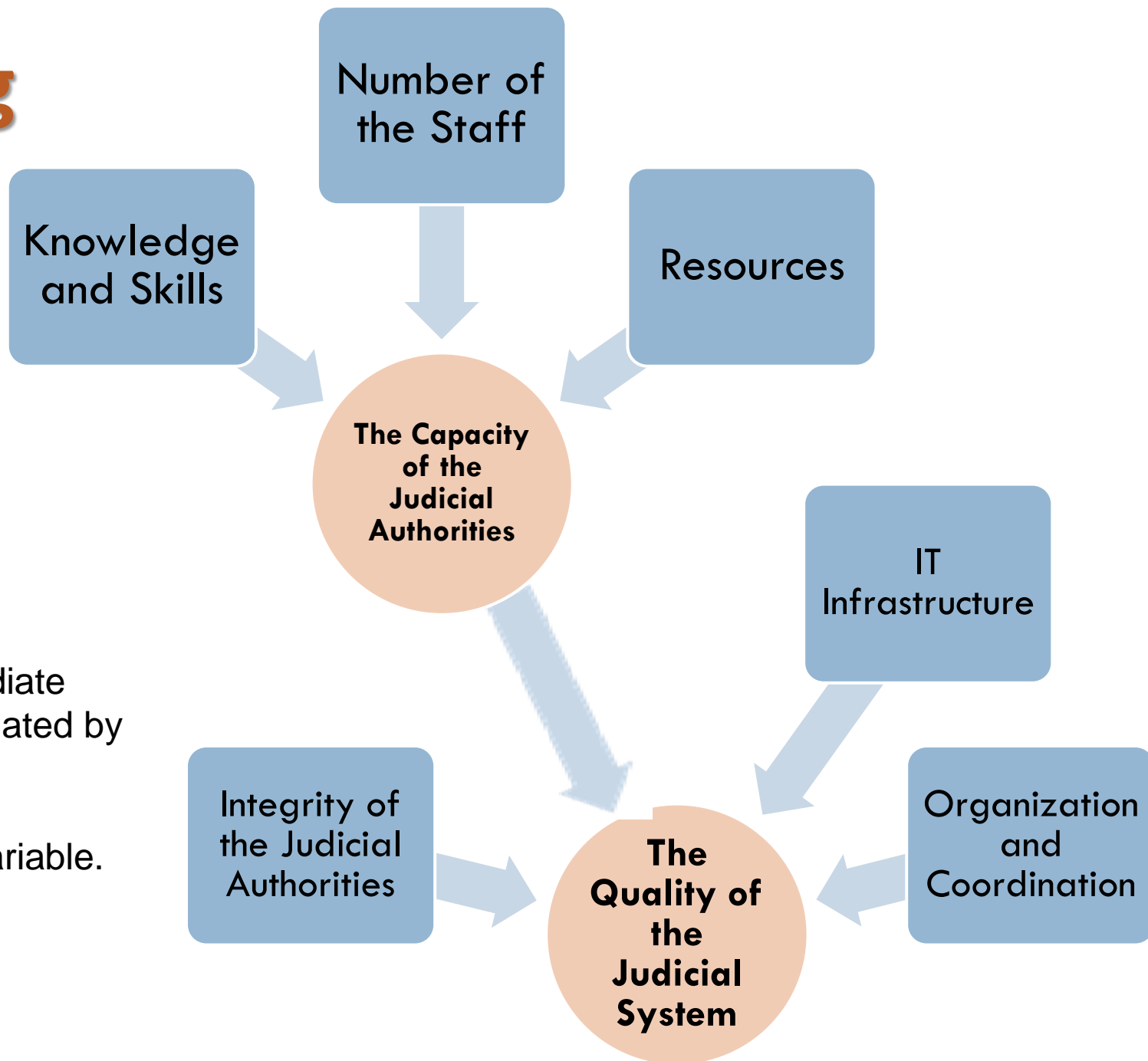
# The WB Tool

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- Not based on the simple average,
- Not based only on the weighted average,
- Is based on a combination of weighted averages and pre-conditions.

The tool's structure, weights, and the pre-conditions constitute the assumptions of the model and were decided on during the model-building phase. These can be seen on the "Weights" page of the National Vulnerability and Banking Sector Excel templates.

# Adding One more layer



**PINK:** Intermediate variable. Calculated by the Tool.

**BLUE:** Input variable. Requires input.

# Actual structure of the tool:

## Same logic applies!

