

Shared Prosperity

Growth Bottom 40

The indicator to monitor shared prosperity is the growth in real per capita income (or consumption) of the bottom 40 percent of the income (or consumption) distribution in a country.

Shared Prosperity Convergence Index (SPCI)

The SPCI measures the gap between Sen's Welfare Index (GDP per capita adjusted by income inequality) for any given country with respect to the average Sen's index of the top ten global performers. The SPCI proposed is based on the Sen's Welfare Index (Sen 1976), which is calculated as the mean income (y) times one minus the Gini coefficient (G), that is, $SPCI=y(G-1)$. The benchmark for Sen's Welfare Index is 23,535 (equity-adjusted per capita GDP per year, PPP 2005), derived from the population-weighted average of Sen's Welfare Index of the top ten countries in 2000 (Luxembourg, Qatar, Norway, Denmark, United States, Netherlands, Switzerland, Austria, Canada and Singapore).

Source: Poverty and Labor Brief: Shifting Gears to Accelerate Shared Prosperity in Latin America and the Caribbean. The World Bank 2013.

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