**Transition Criteria**
A country reaches upper middle-income status when it obtains an income level greater than USD 3 995 (current USD, Atlas method).

*Note: The World Bank reassigns income categories on July 1 each year. Classifications are based on GNI per capita for the previous calendar year. The Development Assistance Committee (DAC) revises income groupings every three years except the Least developed country (LDC) category, which is revised as changes take place.*

**Concessionality**
The minimum grant element of Official development assistance (ODA) loans declines from 15% for LMICs (calculated at a 7% discount rate) to 10% for UMICs (at a 6% discount rate) unless the country remains classified as an LDC. The greater the grant element, the more favourable the lending conditions for the borrower.

*Change in Grant Element*
- **LMICs**: 15%
- **UMICs**: 10%

**Main Challenges**
- Provide citizens with essential public services.
- Foster economic activity to stimulate the job market.
- Address key constraints on competitiveness, such as deficient infrastructure.
- Tackle inequalities through policies promoting inclusive growth.

**Recent Graduates**

**External Financing Mix**
- **LMIC**
  - ODA: 33%
  - OOF: 45%
  - FDI: 6%
  - Remittances: 10%
- **UMIC**
  - ODA: 25%
  - OOF: 10%
  - FDI: 20%

**Key Resources**
- Viet Nam Transition Finance Pilot
- DAC List of ODA recipients
- The Transition Finance Toolkit (https://oe.cd/tf-toolkit)