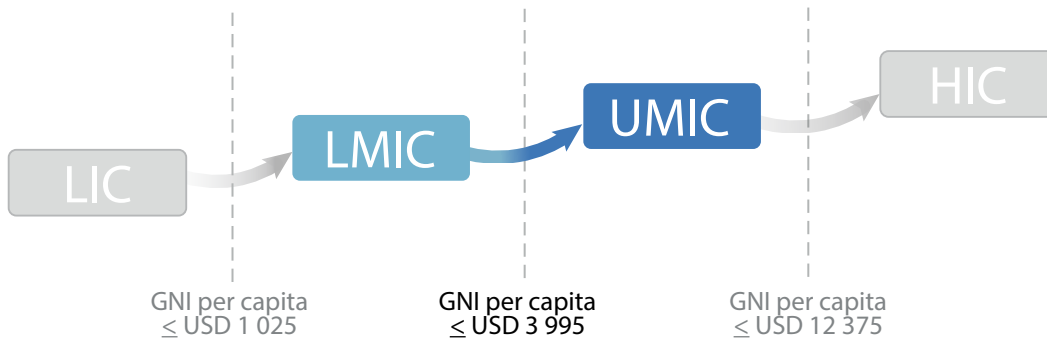


LMIC to UMIC

Transition Finance Toolkit



TRANSITION PROCESS



There are currently **47 Lower middle-income countries (LMICs)** and **60 Upper middle-income countries (UMICs)**.

Average GNI per capita

LMICs: USD 2 384

UMICs: USD 6 473

Average HDI

LMICs: 0.6

UMICs: 0.7

Average GINI coefficient

LMICs: 36.6

UMIC: 42.8

Note: All statistics from 2018

Transition Criteria

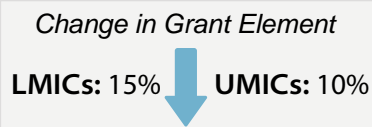
A country reaches upper middle-income status when it obtains an income level greater than USD 3 995 (current USD, Atlas method).

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.

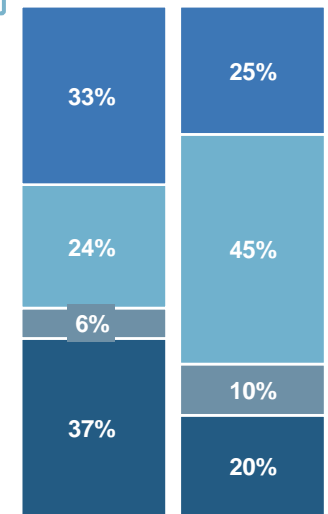
TRANSITION IMPACT

Concessional

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.



External Financing Mix



LMIC

UMIC



ODA



OOF



FDI



Remittances

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

Sri Lanka (2018), Georgia (2018), Kosovo (2018), Armenia (2017), Guatemala (2017), Jordan (2017), Samoa (2016), Tonga (2016), Guyana (2015), Paraguay (2014), Mongolia (2014, back to LMIC in 2015)



Key Resources

[Viet Nam Transition Finance Pilot](#)

[DAC List of ODA recipients](#)

[The Transition Finance Toolkit \(https://oe.cd/tf-toolkit\)](https://oe.cd/tf-toolkit)