

In early July 2011 the World Bank released its annual review and classification of countries into the four well known income groups—Low, Lower Middle, Upper Middle and High.

The purpose for these analytic divisions is to allow operational divides in the lending activities of the World Bank—IDA eligibility, IBRD loans, or a blend of both. GNI per capita is the Bank's main criterion for classifying countries. The rationale is that poorer countries should have less costly lending conditions from the Bank than richer countries.

Each year the thresholds between the four income groups are adjusted for international inflation such that, in real terms, the thresholds remain constant over time. See Table 1 for the 2011 threshold levels for the World Bank Income Groups and Table 2 for the associated loan classifications.

**Table 1.  
World Bank Income Groups**

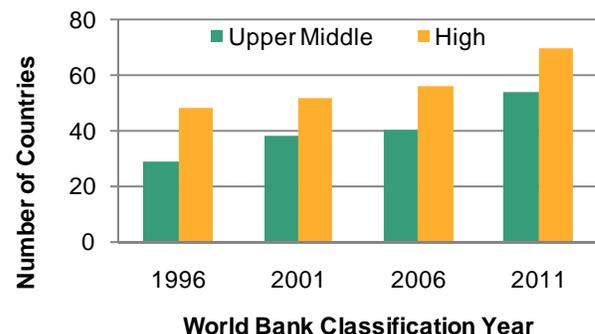
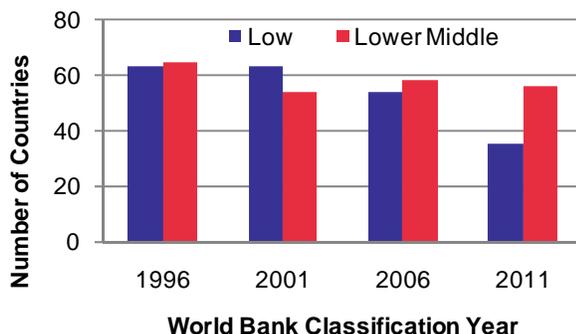
Income Group	2010 GNI per capita
Low	\$1,005 or less
Lower Middle	\$1,006–\$3,975
Upper Middle	\$3,976–\$12,275
High	\$12,276 or more

More interesting is the shift over the last two decades of countries out of the bottom two groups and into the top two groups (see Chart 1). The number of Low-income and Lower Middle-income countries, often referred to as 'developing economies', is clearly diminishing.

**Table 2.  
Loan Classifications**

Code	Loan Type	Income Group
IDA	International Development Assistance: Concessional, interest-free loans and grants	Low income (< \$1,175 GNI per capita)
IBRD	International Bank for Reconstruction and Development: Non-concessional	Middle income
Blend	Eligible for IDA and IBRD loans	Low income, credit-worthy

**Chart 1. Countries by World Bank Income Groups, 1996–2011**



A further look at total population by World Bank Income Group shows that the majority of the world's population in absolute poverty cannot possibly be in the Low income group. In fact they are in the two Middle income groups (see Table 3 and the ESDB's Data by Sector: [Poverty and Income Distribution](#)). Therefore, development practitioners may want to consider more than GNI per capita when addressing poverty and its consequences.

**Table 3.**  
**World Population by World Bank Income Group**

Income Group	Total Population, 2009 (in millions)
Low	799
Lower Middle	2,429
Upper Middle	2,433
High	1,091

SOURCE: Population data from World Bank, World Development Indicators.

**Table 4.**  
**Changes in World Bank Income Groups and Loan Classifications, 2010–2011**

Change	Countries
<b>World Bank Income Groups</b>	
Moved from Low to Lower Middle	Ghana Laos Mauritania Solomon Islands Zambia
Moved from Lower Middle to Upper Middle	China Ecuador Jordan Maldives Thailand Tunisia
Moved from High: non-OECD to High: OECD	Estonia Israel Slovenia
Fell from High: non-OECD to Upper Middle	Latvia
Fell from Upper Middle to Lower Middle	Fiji
New additions to High: non-OECD	Curaçao Sint Maarten St. Martin
<b>Loan Classifications</b>	
Moved from IBRD to IDA	Marshall Islands Micronesia, Federated States
Moved from Blend to IBRD	Azerbaijan
NOTE: Please visit the ESDB website for a complete list of <a href="#">World Bank Income Groups</a> .	