World Bank Income Classification, 2026

Prelims: *Current events of national and international importance | Economy*

Why in News?

Recently, the Development Data Group of the World Bank Group (WBG) released its annual Country Income Classifications for the fiscal year 2026–2027.

Methodology

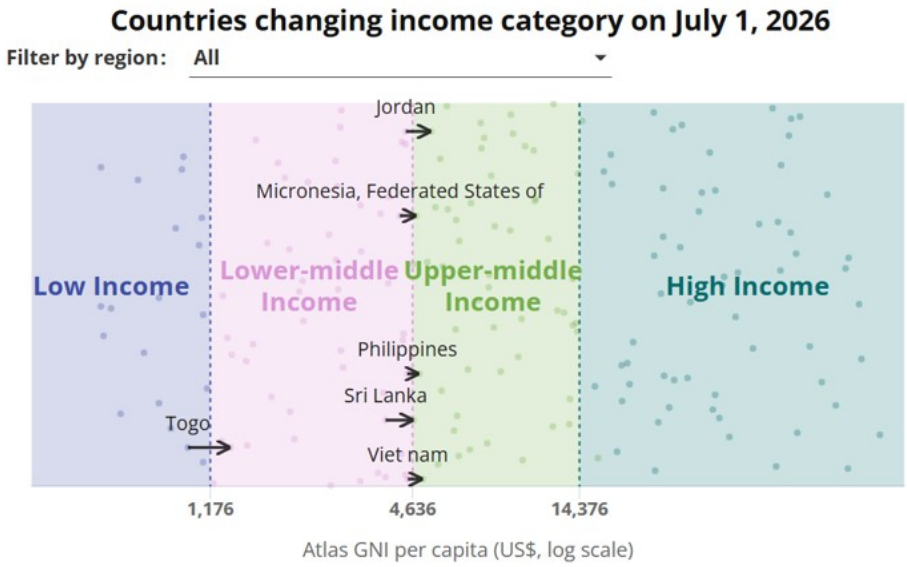
- The classifications are based on ***Gross National Income (GNI) per capita*** estimates from the previous calendar year (2025).
- **The Conversion Mechanism (The Atlas Method)-** To smooth out impacts from short-term exchange rate fluctuations, the World Bank uses the Atlas conversion factor.
- This method applies a ***3-year*** moving average of inflation-adjusted exchange rates to convert local currencies into US Dollars.

4-Tier Division

Low-Income	USD 1,175 or less
Lower-Middle Income	USD 1,176 to USD 4,635 *(India remains in this category)*
Upper-Middle Income	USD 4,636 to USD 14,375
High-Income	Greater than USD 14,375

Key Findings

- **Elevation of nations -** The updated figures show that 6 countries moved into higher income categories, while 0 countries moved down.
- 5 moved from lower-middle to upper-middle income - Jordan, Micronesia, the Philippines, Sri Lanka, and Viet Nam.
- 1 moved from low to lower-middle income - Togo. They reached the same thresholds through very different paths.



- **Long-Term Global Shifts** - The proportion of economies classified as low-income has shrunk from 30% to just 11% in 2026.
- **Implications** - These categories influence whether a country can access concessional financing and development assistance from multilateral lenders.

Reference

[World Bank Blogs | World Bank Group Country Income Classifications]

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