Tanzania Middle Income Country Status and Implications for Future Economic Growth Strategies

Florens M. Turuka

Department of Agricultural Economics and Agribusiness, Sokoine University of Agriculture, P.O. Box 3007, Morogoro, Tanzania

*Corresponding author e-mail: *florens.turuka@sua.ac.tz*

Abstract

Tanzania, having attained a gross national income per capita equivalent to $1,080 graduated from a low-income country to a lower-middle income country, which had a threshold of $1,036 in year 2020. The lower-middle income status is an important milestone for Tanzania and Tanzanians have all the reasons to celebrate, partly because research shows that countries may take many years to move from one category to the other, but having attained the (lower) middle-income country status level, well before year 2025 as envisioned in the Tanzania Development Vision 2025. This paper looks at the trends in some of key macroeconomic data related to this development and draws implications for future economic growth strategies to sustain this achievement and the drive the country towards an upper-middle income country status.

Keywords: gross national income, low-income country, lower-middle income country, upper-middle income country, higher income country

Introduction

In July 2020, Tanzania was declared to have attained a lower-middle income country by the World Bank, thus graduating from a lower income country category. Tanzania had achieved a gross national income per capita (GNI/capita) of $ 1,080, having crossed a threshold of GNI/capita of $ 1,036 based on 2019 gross national income per capita.

In categorising economies well-being, World Bank has adopted a universally recognised income measure of the gross national income. On this basis, World Bank has assigned countries' economies into four income groups: low income, lower-middle income, upper-middle income, and high income (Table 1).

Countries income categories are updated annually on July 1, whereby the World Bank releases new categories. There are a number of reasons for updating the categories, including changes in macroeconomic factors that can influence the gross national income such as economic growth, inflation, exchange rates and population growth.

Tanzania graduated to a lower middle income country in July 2020, having achieved a gross national income per capita equivalent of $ 1,080, which was above the World Bank threshold of $ 1,036, based on the 2019 GNI per capita. Two other countries, Benin ($ 1,250) and Nepal ($ 1,090) joined Tanzania in moving from low income countries to lower-middle income countries in July 2020 (Table 2).

Table 1: World Bank Classification by Gross National Income/Capita as on July 2019 and July 2020 (US$)

Category	July 2019	July 2020
Low Income	< 1,026	< 1,036
Lower-Middle Income	1,026 -3,995	1,036 - 4,045
Upper-Middle Income	3,996 - 12,375	4,046 - 12,535
Higher Income	> 12,375	> 12,535

Source: World Bank, 2020

Table 2: GNI/Capita (US$) for Countries Migrating from Low Income Countries to Lower-Middle Income Countries as of July 2020

Category	July 2019	July 2020
Benin	870	1,250
Nepal	960	1,090
Tanzania	1,020	1,080

Source: World Bank, 2020

This paper briefly explains the implications of this achievement on Tanzania's future economic growth strategies in sustaining growth and broader well-being of its people. Specifically, the paper attempts to address the question what Tanzania has to do so as to not go back to a lower income country category? This paper is based on experience in working in policy formulation and implementation for economic transformation.

Can Tanzania Slip Back?

Achieving a lower-middle income status or an upper-middle income status and moving forward is one of the challenges that countries must be concerned with. Experience shows that some countries at higher income status fell back to a lower income status. World Bank (2021) reports that 23 countries that were in lower-middle income category fell back to lower income category during the last 10 years. During the July 2020 categorization, some countries switched to lower categories (Appendix 1). Similarly, there are countries that moved to higher income categories (Appendix 2).

These observations are particularly important to Tanzania as the level of income with which the country crossed to lower-middle income attained is close to the threshold income of US$ 1,036 (Figure 1). The trend in GNI/capita shows that whereas the GNI/capita grew from US$ 970 in 2014 to US$ 980 in 2015, it fell back to US$ 970 in 2016, remained at that level in 2017 before rising to US$ 1,020 in 2018 and reaching US$ 1,080 in 2019, an equivalent increase of about 6% between 2018 and 2019. Compared with compatriots, Benin had an increase of 45% whereas Nepal had an increase of 14%. With, a relatively large proportion of the population still in the basic needs poverty category, especially in rural areas such that slight shocks without meaningful safe guards, may affect their incomes and hence impact on the lower-middle income status of the country.

Apart from the threat of slipping back to a lower income category, aa body of research also shows that many countries are stuck in the middle

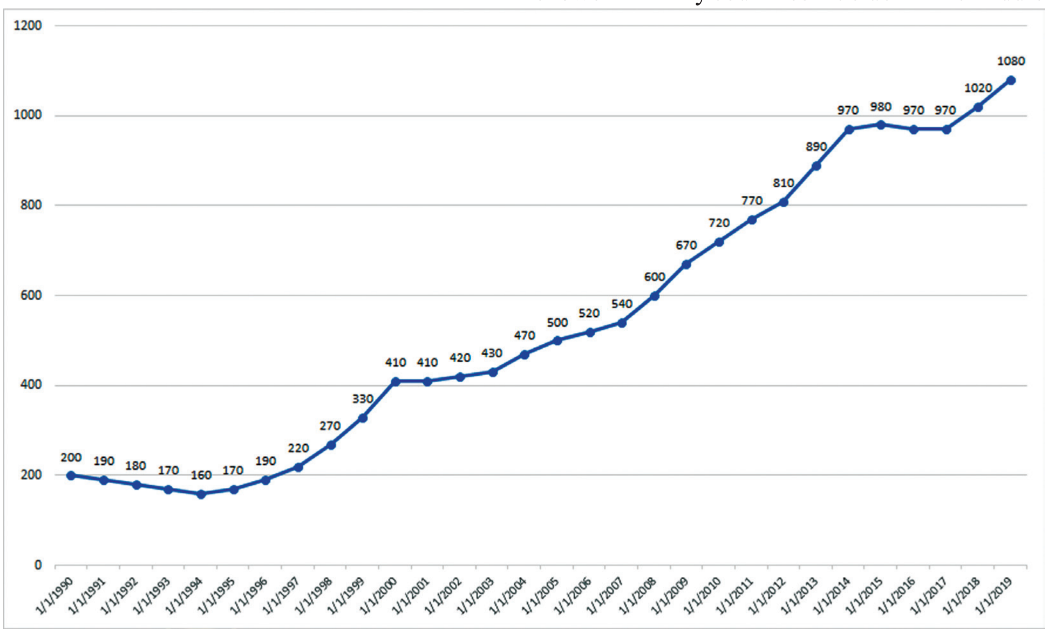

Figure 1: Trend of GNI/Capita (US$) in Tanzania 1990-2019

Source: World Bank, 2021

income level (commonly known as middle income trap) for many years failing to move to a higher income level (Agenor and Canuto, 2012; Bulman, *et al.* 2017; Kharas and Kohli, 2011). Several reasons have been advanced for staying in the middle including failure of the economy to develop adequate knowledge base, capital and innovations that could help in breaking through to higher income level having exhausted opportunities provided by resources that enabled the economy to move from a low income status to middle income status. Countries fail to adopt new growth strategies needed to develop new products, processes, and markets once they reach middle income country status Kapotwe 2021). Agenor (2016) showed that diminishing returns on capital, exhaustion of cheap labour and imitations gains, insufficient quality of capital and inadequate contract enforcement and intellectual property protection as some of the reasons for slowed down growth. Others are distorted incentives and misallocation of talents, inadequate access to better infrastructure and finance.

The middle-income country status is one of the aspirations of the Tanzania Development Vision 2025 (TDV 2025) inaugurated in 1999. Tanzania Development Vision 2025, envisaged Tanzania to become a middle income economy by year 2025, accompanied by high quality of livelihoods; peace, stability, and unity; good governance; a well-educated and ready to learn society; and a competitive economy that can sustain growth and shared prosperity. These aspirations are well beyond the gross national income per capita. They reflect a higher level welfare and well-being of the people requiring more investment in sectors that have impact to many people such as crops, livestock and fisheries and macroeconomic policies changes among other things. These changes may lead to stable economic gain at household level.

It is important to note that whereas income per capita is a good indicator of economic well-being of the country and indirectly a proxy for the well-being of the people, as it can enhance production, consumption, investment through savings, it generally falls short in capturing non-income attributes as those espoused in TDV 2025. Also, it is not easy to deduce on the qualitative aspects of livelihoods of the people, competitiveness and ability to sustain growth as envisaged in the TDV 2025. Therefore, more work is ahead of Tanzanians if the country is to meet the TDV 2025 aspirations. In addition, for Tanzania to remain in the lower-middle income country category and move up to a higher middle income category strategies should be designed and sustainably operationalised in the implementation of the TDV 2025.

In general, a key implication of this development is for country to do more for two reasons:

(i) Safeguard and sustain the achievement and transition to upper middle income,
(ii) Complement the income success achievement with strategies that will improve the broader well-being of the people.

Tanzania Development Vision 2025 and the Five Years Development Plan Implementation Journey

Tanzania Development Vision 2025 was inaugurated in 1999, aimed at undertaking socioeconomic transformation of the country's economy and its people. TDV 2025 was launched following unimpressive macroeconomic policies reforms performance carried out in 1980s and 1990s that required Tanzania to embrace privatization, free market economy and deregulations. Launching of the TDV 2025 was necessary after a period of slow economic growth that was accompanied by a serious shortage of basic goods and services, high inflation, falling export revenues, rising and unsustainable debt obligations, poor revenue collections compared to relatively high government expenditure that resulted in large budgetary deficits among others.

In an attempt to redress the situation, the government implemented structural and economic adjustment programmes in 1980s and 1990s, with support from international organizations. Implementation of these programmes came along with a number of public sector reforms including Public Sector Reform Programme (PSRP), Local Government Reform Programme (LGRP), Public Finance Reform Programme (PFRP) and Legal Sector

Reform Programme (LSRP) (World Bank 2021). Among other things, these reforms required the government to refrain from carrying out commercial activities which also saw a significant number of commercial public companies being divested and privatized. To a large extent, the government was required to create good business climate for private sector to thrive and at best the government was to perform a referee role where market could not work well. To achieve the goals of creating good business ground for all, regulatory authorities were established including SUMATRA (now LATRA and TASAC), EWURA, TCRA, TCAA, TRA, TPA, TANROADS among others.

The unveiling of the TDV 2025 in 1999 was done in the wake of unbearable external debt crisis. However, TDV 2025 was overshadowed by two initiatives such as the Multilateral Debt Relief Initiative (MDRI) and Highly Indebted Poor Countries (HIPC). These initiatives were financed by international financial institutions and development partners aimed at addressing debt crisis and poverty in the medium term with the implementation of Poverty Reduction Strategy Paper (PRSP). Out of the PRSP, the National Strategy for Growth and Reduction of Poverty (NSGRP I) (2005/06-2009/10) and National Strategy for Growth and Reduction of Poverty (NSGRP II) (2010/11 – 2014/15+1) were developed and implemented.

Recognizing the slow pace of implementation of TDV 2025, prompted the government to come up with a Long Term Perspective Plan (LTPP) in 2011. The LTPP refocused efforts to implement TDV 2025, emphasising on economic growth with poverty reduction and human development. LTPP was to be implemented in 15 years, but broken down into three five years planning frameworks.

To date, three five years development plans, linked to one another, have been developed.

(i) *Five Year Development Plan (FYDP I)* implemented during 2011/12–2015/16, focusing on *Unleashing Tanzania's Latent Growth Potentials*. This was meant to address infrastructure challenges inhibiting growth, especially energy, ports, roads, railways and social services infrastructure.
(ii) *Second Five Year Development Plan (FYDP II)* has been implemented during 2016/17-2020/21, paying attention to *Nurturing Industrialization for Economic Transformation and Human Development.* This Plan put more emphasis on human centred growth as aspired by the TDV 2025.
(iii) *Third Five Year Development Plan (FYDP III)* to be implemented during 2021/22–2025/26, focusing on *Realising Competitiveness and Industrialization for Human Development.* Again, this buttressed the TDV 2025 ambition of building a strong, middle income, semi-industrialised and internationally competitive economy while serving human development goal. Attention is paid on equitable sharing of productive resources and benefits of economic growth.

With a proper base developed from FYDP I and FYDP II, it is expected that FYDP III will be implemented with a greater momentum, building on and consolidating successes so far achieved (URT, 2021). The FYDP III has five (5) objectives:

(i) Increase the annual GDP growth rate from 6% in 2021 to an average of 8% by 2026;
(ii) Increase internal (domestic) revenues from 15.9% of GDP in 2021/22 to 16.8% of GDP in 2025/26;
(iii) Inflation kept low between 3.0% and 5.0% over the medium term;
(iv) Foreign reserves to meet imports requirements of at least four months;
(v) Eight million jobs created in the private sector between 2021 and 2026.

It is on the basis of this background, FYDP III implementation strategies must ensure that they will uphold or sustain the middle income status that has been attained. Tanzania can achieve much in FYDP III and drive the country to an upper-middle income status if attention is paid on sustaining good macroeconomic targets among other things.

A Select of Basis for Our Success?

A discussion on what Tanzania should do to sustain and build on the attained middle income status needs to be done from a wider economy (macroeconomic) perspective. This is partly because macroeconomic policy decisions and their impacts may take time to be realised (due to lags) and may have far reaching impacts (multiplier effects). Although, instantaneous changes may occur under some circumstances, macroeconomic performance in a given year normally reflects decisions made some years back. Therefore, stable and predictable macroeconomic policies that will have an in impact in an economy are very important. In this regard, the country requires coherent policies in almost every sectors that will increase the confidence of international and domestic (indigenous) investors in the country. Recently, reports have indicated that Tanzania is doing well in some indicators and some need improvement (World Bank, 2021).

On average, *the annual GDP growth rate* has been between 6-7% over a decade, falling short of 8% annual growth rate envisaged in the TDV 2025. In recent years, annual GDP growth rate has been largely accounted for growth in investment in infrastructure in the energy, transport, and mining and quarrying sectors. Average annual GDP growth rates for the different sectors have been as follows: construction (14.4%), manufacturing (8.3%), transport and storage (8.2%), mining and quarrying (8.0%), ICT (6.2%) and agriculture (5.1%). Agricultural GDP share has declined from 29.0% in 2016 to 26.6% in 2019, possibly an indication of structural transformation as well as trade related challenges facing farmers. Since, agriculture is the mainstay of the economy and still is major employer (65% of the population), strategies to stimulate meaningful agricultural growth are needed.

Inflation has averaged to 4.4%, with headline inflation declining from 5.3% in 2016 to 3.3% in 2020. Decline in inflation has been partly due to adequate food supply, stability and at some stage falling oil prices that occurred in 2020 amid COVID-19 and good fiscal and monetary policies. By December 2020, foreign exchange reserves were sufficient to cover 5.6 months imports of goods and services, well above the East African Community (EAC) target of 4.5 months imports. This is a good signal to potential investors and creditors, cushions against external crisis; and possibly curb erratic movement in the local foreign exchange markets.

Fiscal performance shows that domestic revenue collection has been increasing overtime, albeit below the annual targets. Domestic revenue as percent of the GDP has increased from 13.4% in 2016/17 to 14.7% in 2019/20. Development expenditure as a percentage of GDP has increased to 31.4% in 2019/2020 from 22.5% in 2015/16. Fiscal deficit as a share of GDP has fallen from 3.4% 2015/16 to 1.4% in 2019/2020, well below the EAC and Southern Africa Development Community (SADC) convergence target of 3% and financed largely by borrowing from both domestic and foreign sources.

National debt is sustainable, with low risk of distress and all relevant ratios are below the risk thresholds. For example, present value of national debt as a share of GDP (debt/GDP ratio) is 16.4%, lower than the threshold of 55%. Present value for external debt to export is 103.9% (2019/20), which is expected to decrease after the completion of major development projects under implementation. Credit Reference Bureau is working well as almost all banks (55 out of 56 banks) submit data to the Bank of Tanzania to facilitate credit referencing. With the growing deployment of Internet, the number of banking agents has equally grown from 591 in December 2013 to 28,358 in December 2019. Similarly, microfinance institutions are required to share creditor's information with the Central Bank.

Agricultural sector average annual growth rate is estimated to be 5.1% over 5 years, accounting for about 26.6% of the GDP, 24.1% of exports earnings and 65% of employment and a significant supplier of food, with food sufficiency ratio averaging to 118% in the last five years; and an important source of raw materials for agro-industries. However, agriculture sector is facing low productivity and in dire need for further commercialization. *Manufacturing* accounted for 8.5% of the GDP in 2019, up from 7.9% of the GDP contribution during 2015/16. Annual growth rate is 8.3% in 2019, up from 6.5% in 2015. Manufactured exports include cotton yarn, coffee and tobacco, sisal products (yarn and twine), plastic items, textile apparels. Trade share in SADC has increased from 12%

in 2015 to 14% in 2019, whereas the share has declined in the EAC from 16% in 2015 to 13% in 2019. Manufactured exports have increased in both regional markets. Construction share of the GDP 14.4% (2019), with an annual growth rate of 14.4% (largest) precipitated by the government infrastructure construction projects which has included roads, bridges, railways, mining, airports, seaports, government buildings in Dodoma water and health facilities, schools; and procurement transport equipment, and building of motor vessels in Lake Victoria, Lake Tanganyika and Lake Nyasa among others. Similarly, construction in the informal sector has been rising.

Poverty is relatively high, especially in rural areas. Basic needs poverty has declined from 28.2% in 2011/12 to 26.4% in 2017/2018. Food poverty has also declined from 9.7% in 2011/12 to 8.0% in 2017/18. Improvement in access to basic services and productive assets is noteworthy as exemplified by improved lighting (rural electrification), improved road transport, access to education, health, markets, water and sanitation. Multi-dimension poverty index (MDPI) is being developed and is expected to be used during the implementation of FYDP III. *Human Development Index* (HDI) is 0.528 well above 0.507 for countries with low human development indices. Life expectancy has increased to 66 years in 2019 from 63 years in 2015. Expected schooling years is 8.0 years (2019) compared to 5.3 years in 2010.

Some Strategies to Support Future Economic Growth

Over 20 year period, Tanzania's GDP growth rate has been estimated to average at 6.5% per annum and the annual per capita growth rate has been at an average of 3.6% per annum. Aspirations of the FYDP III is for the GDP to reach at least 8% by 2026 to align with the middle income status. Given the small margin with which Tanzania transitioned to lower-middle income status, a key question to be addressed is what *Tanzania has to do to prevent from slipping back to the lower income country list.* The following are some of the strategies which can not only promote and accelerate economic growth to sustain the lower-middle income country status, but also take the country to an upper-middle income country status.

a. *Maintaining macroeconomic stability,* which include increasing resource mobilization and public expenditure efficiency so as to keep fiscal deficit low and to achieve an annual GDP growth rate target of 8%. Furthermore, sustaining debts at the lowest levels possible and with low risk of distress will be essential. Recent data show that the national debt as a share of GDP (debt/GDP ratio) is about 16.4%, lower than the threshold of 55%. With the completion of huge development projects under implementation, the ratio is expected to improve, thus increasing investors and financial institutions confidence. Low rates of inflation within 3%-5% as envisaged in the FYDP III will be important to support internal consumption. However, it will be important to revisit the level of disposable income in relation to taxes. Low disposable income coupled with high taxes on key consumer goods and services, chances of stimulating internal demand will be low and hence undermining economic growth in the long run.

   An aspiration of increasing domestic revenue mobilization from 15.8% of the GDP in 2021/22 to 16.9% of the GDP by 2025/26 aim at ensuring that fiscal deficit shares of the GDP are kept at low levels. Efficiency in domestic revenue (tax and non-tax) collection including the application of digital technologies will be important. Whereas public expenditure is necessary for many reasons, efficiency in public expenditure will help keep fiscal deficits at the optimal levels. Generally, prudent fiscal and monetary policies will be key in enhancing macroeconomic stability.

b. *Improved business and investment environment* will increase confidence in doing business and investment. This may include a revisit of remaining businesses and investors' stumbling blocks including legal as well as administrative barriers. Examples include, the further expedition of VAT refunds to bring relief to claiming entities, initiative to review and abolish inefficient taxes and levies in various sectors should be continued. Whereas, a number of actions have been taken including the abolition of various fees and duplication of roles among public institutions, continuing the implementation of the Blue Print for Regulatory Reforms will provide a good business environment and confidence to the private sector investment and hence contribute to economic growth.

c. *Public investment* apart from increasing the physical capital and thus reducing the infrastructure short falls, sustainable public investment in infrastructure should provide a good platform and incentivize private sector investment and participation, especially in areas where private sector finds unprofitable to venture or limited resources to pursue.

d. Attracting *foreign direct investment* to complement domestic (private and public) investment should be pursued as this may bring along experience as well as technology transfer. Lessons from the past on foreign direct investment in the extractive industries should help in rigorously assessing such investment.

e. *Promoting foreign trade* through reduction of export tax and levies for agricultural commodities will be necessary in reducing trade deficit especially when the economy encounters shocks such as Covid-19 and other disasters. Whereas as much of the exports revenue are from non-traditional exports, with gold generating a large share of export revenue in recent years, deliberate efforts be directed in promoting exports diversity. Value addition in agribusiness and manufactured exports not only will enhance inclusiveness and participation of the rural sector but also help reduce uncertainties in the world commodity markets. Potentials of harnessing cross border and regional trade should be prioritised, with adjacent neighbouring countries given top priority. One stop border points (OSBPs) should promote more trade between neighbouring countries. Predictable trade policies will be vital.

f. *Investing in human capital development* is important in enhancing capital and labour productivity as well as gaining employment in exclusive fields in the market. This entails investment in education, skills, skills upgrading and health among others. Both quality and quantity are important, but with technological progress more investment in quality will be required. The recent announcement by the government to enrol those interested in vocational skills and technical training is a move in the right direction and quality of training should be emphasized.

g. *Promote and support investments that enhance inclusive growth.* Labour intensive value addition activities in agriculture and agribusiness value chains, light manufacturing and non-farm activities will promote inclusive growth. Supporting the development of secure middle c[7]lass in the economy, is bound to create better linkages with the low income groups apart from distribution of incomes and ultimately alleviating poverty. Middle class has been instrumental in the establishment of SMEs and jobs creation and thus can immensely contribute to the 8 million jobs[8] target of FYDP III. Similarly, supporting SMEs in all fronts including finance will go a long way in creating jobs and addressing poverty.

h. Being the largest employer and provider of livelihoods for majority of the poor, *agricultural sector transformation* should be at the centre stage. Although transformation of agriculture is going on, deliberate measures to increase investment in relevant infrastructure[9] that will support agricultural transformation and productivity are necessary. Similarly, supporting the

[7] *According to African Development Bank, this is a category spends between US$ 2-15 per day, constitute about 34% of the population in Africa and account for a large share of employment and tax payments (PAYE, property tax and income tax). Similarly, medium size enterprises have also been found to be instrumental in supporting industrialization and contributing to inclusive growth. They have been found to have better linkages with the rural, and thus more effective in rural poverty alleviation. Also they can absorb shocks better.*

[8] *Estimates show that about 800,000 new workers enter the job market each year.*

[9] *Includes production, storage, institutions and distribution networks.*

adoption and utilization or upscaling of (research) innovations is required in addition to properly funding public agricultural services (research and development, extension, market information) to generate meaningful outcomes. Further actions are required in revisiting and ultimate removing unnecessary trade barriers; completing the review of regulatory frameworks for both inputs and outputs; investing in public agricultural and agribusiness supporting infrastructure and markets.

i. Develop *safety nets* and *resilience to shocks* such as *pest and disease outbreaks*, droughts, floods as well as other disasters. Shocks may result in jobs and income losses, culminating in increasing poverty. Agricultural insurance scheme can be one of the available options.

j. Harnessing *digital technology* is necessary to capitalize on digital based technologies that enhances productivity and efficiency. Examples where digital technologies have increased efficiency include education, health, finance, public administration, judicial services, markets and trade, among others.

Conclusion

Tanzania has good reasons to cherish the achievement of a lower-middle income status. Significant efforts, in terms of policy consistency and opportunity costs (small budgetary allocations to institutions), have gone into this. Whereas, gross national income per capita alone is not enough given the aspirations of TDV 2025, the gross national income per capita with which Tanzania has crossed to the lower-middle income status is likely to be sensitive to shocks. Thus, Tanzanians should not be complacent. FYDP III, as an implementing arm of TDV 2025, has charted ways to consolidate and transition to the next income per capita category. It will certainly take time to move to the next category, but what is important for the country is to persist in maintaining macroeconomic fundamentals, support agricultural transformation, improve business and investment environment, increase public strategic investment that will facilitate private sector investment, attract foreign direct investment, and promote and support foreign trade. Other areas of attention will be to invest meaningfully in human capital development, promote and support investment that enhance inclusive growth, harnessing the powers of digital technology as well as developing safety nets and resilience to shocks. Tanzanians should rally behind the FYDP III so as to safeguard this achievement and transition to the upper-middle income status.

References

Agenor P.R. and Canuto, O. (2012). Middle income growth traps. World Bank Policy Research Working Paper 6210. World Bank, Washington, DC

Agenor, P.R. (2016). Caught in the middle? The Economics of middle income traps. Journal of Economic Surveys 31, 771-791

Bulman, D., Eden, M., and Nguyen, H. (2017). Transitioning from low-income growth to high- income growth: Is there a middle income trap? ADBI Working Paper Series 646. Asian Development Bank Institute

Eichengreen, B.J., Donghyun, P. and Kwanho, S. (2012). When fast growing economies slow down: International evidence and implications for China. Asian Economic Papers 11(1) 42-87

Hamadeh, U.S. (2020). New World Bank Country Classification by Income Level: 2020-2021. World Bank

Kharas, H. and Kohli, H. (2011). What is the middle income trap, why do countries fall into it, and how can it be avoided? *Global Journal of Emerging Markets Economies* 3(3) 281-289

Kapotwe, B. (2021). A Study on the Relationship between Developing Countries and the Middle-Income Trap: A narrative in the Zambian perspective. Modern Economy, 12 363-384

United Republic of Tanzania (1999). Tanzania Development Vision 2025. Planning Commission, Dar es Salaam.

United Republic of Tanzania (2021). National Five Year Development Plan 2021/22–2025/26: Realizing competitiveness and industrialization for human development. Ministry of Finance and Planning, Dodoma

United Republic of Tanzania (2021). Tanzania

Economic Survey. Ministry of Finance and Planning, Dodoma

World Bank (2020). New World Bank country classifications by income level: 2020-2021

World Bank (2021). Raising the Bar: Achieving Tanzania's Development Vision. Tanzania Economic Update, February 2021 Issue 15.

Appendices

Appendix 1: Countries Transitioning to Lower Income Categories Based on GNI/capita (US$) as of July 2020

Country	New Group	Old Group	GNI/Capita July 2019	GNI/capita July 2020
Algeria	Lower-Middle Income	Upper-middle income	4,060	3,970
Sri Lanka	Lower-middle income	Upper-middle income	4,060	4,020
Sudan	Low income	Lower-middle income	1,560	590

Source: World Bank, 2021

Appendix 2: Countries Migrating from other Lower to Higher Income Categories Based on GNI/Capita (US$) as of July 2020

Country	New Group	Old Group	GNI/Capita July 2019	GNI/capita July 2020
Indonesia	Upper-middle income	Lower-middle income	3,840	4,050
Mauritius	High income	Upper-middle income	12,050	12,740
Nauru	High income	Upper-middle income	11,240	14,230
Romania	High income	Upper-middle income	11,290	12,630

Source: World Bank, 2021