

## 2.

# Income

Economic development entails many different sorts of outcomes: income growth, poverty, inequality, human welfare. These outcomes are interrelated. As we shall see, they can shape one another in complex and important ways. Before we learn how to study these outcomes and consider ways to influence them with policies and projects, we need to know how to measure them. This chapter is about measuring income. That might sound boring and straightforward, but read on...you'll be surprised by how interesting, challenging, and controversial income can be.

## Measuring Income

Income is a basic development indicator and important input into achieving economic development outcomes, for a simple reason: Poor countries have fewer resources available to accomplish their development goals.

Before going any further, we should agree on how to measure income. The most basic measure of a country's income is the gross domestic product (GDP). There is a fundamental identity in economics: In all economic activities, total income must always equal total expenditures. Every dollar of sales by a shirt factory (income) either goes towards purchasing the inputs used to produce the shirts or gets paid out as profit (expenditures). Thus, we can calculate a country's GDP in either of two ways.

First, we can add up the value of all *final* goods and services *produced within the country and then sold*. By final, we mean goods and services that are *not* inputs into the production of some other good. For example, cotton is rarely a final good; it is an input into the production of cloth. Cloth, in turn, is an input into producing clothes. Clothes are almost always a final good—we buy and wear them, rather than using them to produce something else.

You can see the potential for double-counting here. The price of a shirt includes the cost of the cotton fabric to the garment factory as well as the cost of the cotton to the textile mill. If we added the value of the cotton, fabric, and shirt together to calculate GDP, we would significantly overestimate the value of what was produced in our economy. We also want to be careful not to count the value of inputs produced in foreign countries. If the buttons on our shirts were produced in Mexico, they are part of Mexico's GDP, not ours. In short, calculating national income is a lot harder than it sounds.

How do we value all of these final goods? We use market prices. This gives us the GDP at market prices.

The second way is to add up the cost of all factor inputs (capital, labor, land), or value-added. Any economic activity takes intermediate inputs (cotton fabric, thread, buttons) and uses factors of production (labor and capital) to turn these inputs into a product (shirts). The income the shirt factory creates is the difference between the value of the shirts it sells and the cost of the cotton fabric, thread, buttons, and other intermediate inputs it buys to produce the shirts. This is the value that the shirt factory adds to the cotton fabric and other intermediate inputs once it has turned them into shirts. Value-added is the factory's payments to labor and capital. Adding this up gives us the GDP at factor cost without running the risk of double-counting.

To make the difference between these two approaches crystal clear, let's introduce a new concept: Income accounting. Table 2.1 is an input-

output table for a simple economy consisting of only three production sectors: Agriculture, Industry, and Services. Agriculture produces a total output of \$920, and Industry and Services produce \$1425 and \$567, respectively. You'll notice that these numbers appear twice, as both the row and column total for each sector.

The columns show the expenditures of each sector, that is, where all the money went. In order to produce its output, Agriculture bought \$225 in intermediate inputs from itself (e.g., seed), \$320 from the industrial sector (e.g., chemical fertilizer), and \$75 from services (e.g., contractors and accountants). It spent \$100 in wages and purchased \$50 in imported inputs. Finally, the agricultural sector generated \$150 in profits, for an expenditure total of \$920.

The total expenditures must equal the total value of agricultural production. The Agriculture row tells us where this production went, or in other words, who paid money to farms. Reading across the first row you can see that \$225 of the value of agricultural output was sold back to agriculture, as intermediate inputs (e.g., seeds), \$75 to industry (e.g., as wheat to flour mills), and \$2 to services (e.g., food to schools). The difference between the total agricultural production (\$920) and these intermediate uses of agricultural goods ( $\$225 + \$75 + \$2 = \$302$ ) is the final demand for agricultural output (\$618).

**Table 2.1: An Input-Output Table**

Income Account	Agriculture	Industry	Services	Final	TOTAL
Production Sectors					
Agriculture	225	75	2	618	920
Industry	320	200	85	820	1425
Services	75	150	30	312	567
Factors					
Labor	100	400	275	NA	775
Capital (Profits)	150	300	125		575
Imports	50	300	50		400
<b>TOTALS</b>	<b>920</b>	<b>1425</b>	<b>567</b>	<b>1750</b>	

775+575=1350  
(GDP at Factor Cost)

$1750 - (50 + 300 + 50) = 1350$   
(GDP at Market Prices)

You can interpret the Industry and Service accounts in exactly the same way.

It is easy to calculate GDP from the input-output table, using either of the two methods. GDP at market prices is the sum of the total final demand ( $\$618 + \$820 + \$312$ ) minus imported inputs ( $\$50 + \$300 + \$50$ ), or  $\$1350$ . GDP at factor cost is just the sum of payments to factors (labor and capital), or value-added:  $\$775 + \$575 = \$1350$ . As you can see, it doesn't matter which way we do it—we end up with the same GDP.

Now you've not only learned how to calculate GDP but a little bit about input-output (IO) accounting, too. IO was the basis for centralized planning in the former Soviet Union and other countries. Today, it is the starting point for doing any kind of economy-wide analysis. Computable general-equilibrium (CGE) models and other types of economy-wide analysis are largely beyond the scope of this book, but we will refer to them from time to time, and when we do, you can remember this simple IO example. IO tables can be constructed for any economy or activity, from countries or groups of countries (even the entire world!) to villages or agricultural households. With the right data, you could make one for your university, student union, or student farm.

You will run across a couple of other names for national income. The gross national product (GNP), also known as gross national income (GNI), is the same as GDP, but it includes the value of goods and services produced by citizens abroad. For example, Mexican migrant workers in the United States send home, or remit, more than  $\$25$  billion annually. This is value produced by Mexicans abroad, so it is counted in Mexico's GNP (but not in its GDP). It is removed from the US GDP when calculating the US GNP. For the most part, there is little difference between GNP and GDP, so the two are often used almost interchangeably. This is not technically correct, though, and in a few cases it matters. For example, in a Mexican village, counting the remittances that flow in makes a big difference when calculating village income (the gross village product).

### *What's Not in GDP*

Now that we know what's in GDP, let's ask ourselves what isn't. This might seem technical, but it really matters, especially in poor countries where a lot of what's produced never gets sold and a lot of what goes into production never gets bought.

Look at our IO table. Everything is in value terms. The GDP at market prices is the value of all *final* goods and services *produced* in a country then *sold*. The GDP at factor cost also was calculated based on goods sold and inputs purchased.

Most staple production in poor countries is for subsistence: It isn't sold. We'll discuss subsistence production and its ramifications in detail in a later chapter. For now, what matters is that, unless a crop is sold, it may not be counted as part of national income. To count subsistence production, we would need not only to expand our definition of national income to include it but also find a way to place an economic value on a non-marketed good. Some countries try to do this more than others.

The same applies to family inputs. Most labor on small farms is not hired but supplied by the family itself. No wage is paid for this labor, yet clearly it is part of the value-added produced by agriculture.

What about barter? Labor exchanges? Forget it—they aren't in the GDP.

We can take special steps to count these non-market activities in our income calculations, but it won't be easy. For starters, how do we value family labor? Or labor exchanged? Do we use the market wage? I might have to monitor my hired workers to make sure they give me the same value product per day as my own labor does (see Chapter 9, "Markets, Information, and Trade"). You can bet that I have knowhow about my farming operation that my hired workers do not. A day of my labor is likely more productive than a day of hired or exchanged labor, and therefore worth more than the market wage.

What about the value of subsistence production? Is the price of a traditional variety of maize grown by an indigenous farmer in Oaxaca the same as the price of corn in a market? (As we shall see in Chapter 9, it turns out to be higher.) How do we value bartered goods?

Even in rich countries controversy surrounds national income accounting. The same work may or may not contribute to national income, depending on who does it. Last night, my wife and I made a nice teriyaki chicken dinner. The value we produced cooking at home obviously didn't get counted in the GDP. However, if we had hired a cook to do the same thing, it would have. I can hire a carpenter to fix my house or do it myself (that's what Home Depot is for). In the first case, GDP goes up, in the second, it does not. All the time we spend raising our children doesn't count in the U.S. GDP. If we hired a nanny, it would.

These questions strike right at the heart of gender in development. In many settings, women are more involved in non-market activities than men are; thus, the fruits of women's work are under-counted in the GDP.

Then there is the underground economy, which generally does not get counted in the GDP yet in some cases might include a significant part of the economy. In 2010, California voters considered legalization of marijuana under Proposition 19. Imagine how much Mendocino County's GDP would have risen if that proposition had passed!

I bet you never thought measuring national income could be so interesting... and controversial! Just a few weeks before he was assassinated in 1968, as part of a speech he made at the University of Kansas, Robert Kennedy gave what might be the most emotionally moving account ever of what's in the GNP—and what isn't.<sup>1</sup>



### *Per-capita Income*

Once we know gross national income, we can convert it to per-capita income simply by dividing by the country's population. This is very important if we wish to compare standards of living across countries.

China's gross GDP (in nominal terms; see below) was \$5.8 trillion in 2010. The U.S. GDP was \$14.6 trillion. Yet with a little more than 1.3 billion people (compared to 308 million in the U.S.), China's per-capita income was \$4,260, while the U.S.'s was \$47,140!

### *Exchange Rates and Purchasing Power Parity*

How did we come up with this income figure for China? After all, they don't use dollars much over there; the currency in China is the *renmin bi* (also called the Chinese *yuan*). To convert to dollars, we divided the China GDP in *renmin bi* by the nominal exchange rate, which in 2010 was 6.62.

This isn't a fair comparison, you might say, because \$4,260 goes a lot further in China than in the U.S., where the cost of living is higher. You're right—about 78% further, according to the World Bank.<sup>2</sup> If we add this additional “purchasing power” to the per-capita income of China, we get:  $1.78 * \$4,260 = \$7,570$ . We call this the purchasing power parity (PPP) – adjusted per-capita income. PPP adjustments are essential if we wish to compare incomes and understand differences in standards of living across countries.

### *Price Deflating*

We also want to be able to compare incomes in the same countries over time. When we do that, we need to adjust for changes in prices over time. Here's an example. Between 2009 and 2010, the GDP of the Democratic Republic of the Congo (DRC) rose a hefty 31%, from \$12.2 billion to \$16.1 billion. Of course, it didn't really grow that much (that is, not in real terms). Inflation in 2010 was 22%, which makes the 2010 GDP look higher than it really was. To get the real (inflation-adjusted) GDP growth, we have to take the 2010 GDP and divide it by one plus the rate of inflation:  $GDP(\text{real}) = GDP(\text{nominal}) / (1.22)$ . This gives us a 2010 real GDP of \$13.1 billion and a (still respectable) real GDP growth rate of  $(13.1/12.2) - 1 = 0.07$ , or 7%. The DRC had an unusually high inflation rate,

by international standards. In all countries, though, when comparing incomes over time, it is crucial to adjust for inflation.

## Green Accounting and Externalities

Yet another thing missing from national accounts is the environmental cost of producing countries' incomes. Remember that anything not bought and sold in an economy is not counted as part of GDP. This includes the clean air and water that get "used up" when factories belch smoke into the atmosphere and sludge into a river. We call these *environmental externalities*. The GDP may miss the depletion of natural resources if the cost of these resources is not properly reflected in market prices. Does the rising world price of oil reflect the fact that we are nearing "peak production?" It can be argued that the cost of natural resource depletion is already factored into rising resource prices. Climate change takes the stakes of not taking environmental costs into account to a whole new, global level.

To the extent environmental costs are not reflected in the GDP, the methods described above may overstate income. The economist Robert Repetto and co-authors wrote that ignoring environmental costs in our GDP calculations:

“...Reinforces the false dichotomy between the economy and ‘the environment’ that leads policy makers to ignore or destroy the latter in the name of economic development.”<sup>3</sup>

The economist Peter Wood proposed a way to deal with environmental costs in GDP calculations. He called it “Green Accounting.” If we know what the environmental costs of production are, we can include them in our input-output table by adding an “environment account” as in Table 2.2.

**Table 2.2: An Input-Output Table with Green Accounting.**

Income Account	Agriculture	Industry	Services	Final	TOTAL
Production Sectors					
Agriculture	225	75	2	618	920
Industry	320	200	85	820	1425
Services	75	150	30	312	567
Factors					
Labor	90	360	247.5	NA	697.5
Capital (Profits)	135	270	112.5		517.5
Imports	50	300	50		400
Environment	25	70	40		135
TOTALS	920	1425	567	1750	

Notice the new row, labeled “Environment.” Think of it as environmental inputs (like clean air) that get used to produce stuff. Now, producing \$920 in agricultural output incurs a \$25 environmental cost. The environmental costs associated with industrial and service production are \$70 and \$40, respectively. These environmental costs decrease our GDP from \$1,350 to \$1,215.

To include this environmental account in our table, I assumed that 10% of value-added in each activity was at the expense of “using up” environmental inputs for which there are no market transactions. This might seem arbitrary, and it is: We do not really know what the true environmental costs of production are (though they’re not likely to be zero). This is the greatest challenge to green accounting, though substantial research is going into estimating the environmental costs of various economic activities. If we can figure out a way to create markets for environmental goods, our green accounting problem will be solved.

Environmental costs are not the only externalities we might want to think about. Obesity, for example, increases the GDP: the more food people consume, the higher GDP becomes. Over-consumption comes at a cost, though: The World Health Organization estimates that 1.5 bil-

lion adults 20 and older were overweight in 2008. Sixty-five percent of the world's population lived in countries where being overweight killed more people than being underweight.<sup>4</sup> The health consequences of overconsumption are not reflected in our GDP calculations except, ironically, as a benefit: higher value-added in the health industry! So should we include the negative health consequences of obesity as externalities in our GDP calculations? If so, then where do we stop and call it a day?

## Where Do We Stack Up? Making an Index

Earlier in this chapter we considered how to compare economies in terms of income. In coming chapters we will also compare countries with respect to other outcomes, including poverty, inequality, and human welfare. With 196 countries in the world, that's a lot of outcomes. It gets more complex still when we look at data from surveys of thousands of households within countries. We need efficient, easy-to-understand ways of making sense of all those data. Often, a good way to start is to make an index.

To make an index, we take a variable of interest (say, income, poverty, inequality, or even a composite of different things) and normalize it to have a common starting point or range. You will run across a wide variety of indices in this book. For most of these indices, we will take the variable of interest, which typically takes on a wide range of values, and transform it into a measure that ranges from zero to one. This can be an incredibly useful tool to make sense of complex data, as we shall see.

Here's a simple example of how to make an index of country per-capita income. It will convey the intuition behind an index, and is the basis for constructing part of the Human Development Index in Chapter 5. Let  $Y_i$  be the PPP adjusted per-capita income of country  $i$ ,  $Y_{min}$  be the lowest per-capita income of all countries, and  $Y_{max}$  be the highest. In 2010, PPP adjusted per-capita incomes in the world ranged from US\$409 (Burundi) to \$86,899 (Luxembourg).<sup>5</sup> Egypt had a PPP-adjusted per-capita income of \$6,180. Is this high or low? Clearly, it is a lot lower

than Luxembourg's, which other countries could never aspire to. Yet it is considerably higher than Burundi's.

One way of comparing country incomes would be to rank them from poorest to richest. An income ranking would place Egypt 60th from the poorest among the 167 countries for which per-capita income was available from the World Bank in 2010. We could divide Egypt's rank by the total number of countries, and we would have the share of countries with income at or below Egypt's. This turns out to be:

$$60/167 = 0.359$$

Doing this for all countries gives us the cumulative distribution function of per-capita incomes, which we often refer to as  $F(Y_i)$ . We shall use this to calculate the Gini index of inequality in the next chapter.

A drawback of an index based on rankings instead of actual incomes is that it does not tell us *how much* higher or lower one country's income is than that of other countries. Being the 60<sup>th</sup> from the poorest country doesn't tell us much if we don't know what the distribution of incomes looks like.

We can make an index sensitive to income levels for any country  $i$  as follows: Take the difference between country  $i$ 's income and that of the poorest country (Burundi), and divide this by the difference between the highest (Luxembourg) and lowest (Burundi) income:

$$I_Y(i) = \frac{Y_i - Y_{\min}}{Y_{\max} - Y_{\min}}$$

This index will range from zero (for the poorest country, the numerator is zero) to one (for the richest country, the numerator is the same as the denominator). It has other nice properties. For example, if country  $i$ 's income stays the same, while the richest country's income increases, country  $i$ 's income position as measured by this index will decrease. It turns out that the same thing will happen if country  $i$  stays put, but the poorest country's income increases.

For Egypt, the value of our index is:

$$I_Y(\text{Egypt}) = (6,180 - 409) / (86,899 - 409) = 0.067$$

As you can see, Egypt looks much worse off using this index than the one based only on rankings (0.067, compared with 0.359). Many countries are much richer than Egypt. It turns out that Egypt's income makes it more similar to the countries below it than to those above it in terms of income. The last index gives us a better sense of where Egypt finds itself in the global income spectrum.

The average per-capita income is one way of measuring welfare. In a micro-economics course we measure consumer welfare using a utility function, in which utility depends on consumption. Consumption, in turn, is constrained by income. Thus, rising income translates into higher utility for consumers (assuming the budget constraint is binding, which has always been my family's experience!). Nevertheless, the average per-capita income does not tell us anything about how income is distributed: a very equal or unequal income distribution can have the same average per-capita income. In Chapter 4 we will see how to consider income inequality when measuring social welfare.

## A Useful Typology

Many different terms have been used over the years to classify countries in terms of their level of development.

“Third World” has been used to refer to low-income countries, but it is largely out of use these days. It was a product of the Cold War years, in which the world was divided up geo-political-economically into three groups of countries: the “First World” (high-income western countries: Western Europe, the United States and Canada, and Japan); the “Second World” (a little-used label referring to the USSR, China, and Eastern Europe); and the “Third World” (low and middle income countries, which sadly were often the theater in which conflicts between First and Second World countries played out).

“Less Developed,” “Underdeveloped,” and “Developing” are terms often heard at international forums. The first, being comparative, is a broad classification containing any country not included among the “More Developed” or “Developed” countries. The second has a somewhat pessimistic connotation, implying that the country is less developed than it ought to be, while the third has a more optimistic twist, implying that countries in this group are, indeed, developing.

The rapidly growing economies of Asia, Latin America and Eastern Europe are sometimes referred to as “Emerging Economies.” China is a clear example from this group in Asia, Brazil in Latin America.

High-income economies sometimes are called “Industrialized;” however, this term is antiquated given that rich countries exist in a post-industrial world, in which the biggest share of the economy is services, not industry.

“Transitional Economies” are those that once were in the “Second World” but are transitioning towards becoming open-market economies. This term most often is used in reference to Eastern Europe and the former Soviet republics.

“North” and “South” sometimes are used as synonyms for “Developed” and “Less-developed.” This typology is rather imprecise, though, because there are relatively high-income countries in the South (e.g., Australia and New Zealand) and relatively low-income countries in the North, depending upon where the line between “North” and “South” is drawn. (Indeed, most of the world’s land mass is “North” if one uses the Equator as the geographic delineator.)

As you can see these are very broad, imprecise, and somewhat value-laden categories. We need a more objective typology to work with. The World Bank’s country classification is based on an objective measure, income, and includes four broad categories: low, lower middle, upper middle, and high income. More than simply a descriptive typology, this designation is used in the Bank’s operations to determine which countries are entitled to receive assistance under different lending terms and which are entitled to different programs. The low-income and middle-

income economies are also classified by region. The World Bank recognizes that a country's income classification does not necessarily reflect its development status. Nevertheless, its classification is widely used. In 2010, the per-capita gross national income (defined below) defining each group were:

- Low Income: \$1,005 or less
- Lower Middle Income: \$1,006 – \$3,975
- Upper Middle Income: \$3,976 – \$12,275
- High Income: \$12,276 or more

The table that follows shows a listing of selected countries classified according to the 2010 World Bank standard. African countries dominate the “Low Income” category. Haiti is the only country from the Americas in this category, and Afghanistan, Myanmar, and Bangladesh are the only Asian ones.

As we move up to the “Lower-middle-income” countries, two European economies creep in: Albania and the Ukraine. We see the countries of Central America and one South American one, Paraguay. India, Iraq, Philippines, Pakistan, and Vietnam are in this category, along with a few African countries, including Egypt, Morocco, Sudan, Ghana, and Zambia.

By the time we get to the “Upper-middle-income” countries, Africa is barely represented. Here we find South Africa, Libya, Angola, and Tunisia. A number of eastern European and middle eastern countries are found here, along with most of South America, including Brazil, Chile, and Argentina. Mexico straddles the line between “Upper Middle Income” and “High Income.” China, Malaysia, and Thailand are the major Asian countries in this category.

At the top tier we do not find any African or Latin American countries. Western Europe dominates this category, along with Canada, the United States, the “Asian Tigers,” and a few oil exporters, including Saudi Arabia, Qatar, and the United Arab Emirates.

From a practical perspective, the World Bank's classification is useful because it gives us precise definitions of which countries belong in which group. As we shall see, income is an important correlate with other development outcomes.

## Poverty, Income Inequality, and Human Welfare

Consider these three statements:

- In 2010, just under 1.3 billion people—22.4% of the world's population—lived on less than \$1.25 a day (PPP adjusted).<sup>6</sup>
- The low-income countries contained 12.5% of the world's population but controlled less than 1% of its income, while the high-income countries had a little over 16% of its population and 72% of its income.<sup>7</sup>
- In the poorest 10% of countries, those with GDP per capita less than \$1,123, life expectancy averaged 54.4 years (compared to 80 in the richest 10%), and years of schooling averaged 3.2 years (compared to 10.5 years).<sup>8</sup>

They present a lot of striking numbers, but they tell us very different things. The first sentence is about poverty, the second is about inequality, and the third is about human welfare. How are they related to one another and to what constitutes economic development? Are they just different sides of the same story? Does inequality imply poverty? Is it sufficient to focus our attention on poverty if our ultimate goal is to improve human welfare? Is income growth sufficient to deal with all these concerns?

In the next three chapters we'll learn how development economists study poverty, inequality, and human welfare and their relationship to income.

**World Bank Country Classification** (Partial Listing)<sup>9</sup>**Low-income economies**

Haiti	Afghanistan	Bangladesh
Myanmar	Eritrea	Tanzania
Burkina Faso	Burundi	Malawi
Ethiopia	Mali	Zimbabwe
Rwanda	Kenya	Uganda

**Lower-middle-income economies**

Albania	Ukraine	West Bank and Gaza
El Salvador	Guatemala	Honduras
Nicaragua	Paraguay	Indonesia
India	Iraq	Yemen, Rep.
Philippines	Pakistan	Vietnam
Tonga	Congo, Rep.	Egypt, Arab Rep.
Senegal	Lesotho	Sudan
Ghana	Morocco	Zambia

**Upper-middle-income economies**

Russian Federation	Azerbaijan	Serbia
Belarus	Kazakhstan	Macedonia, FYR
Bulgaria	Jordan	Lebanon
Turkey	Iran, Islamic Rep.	Brazil
Chile	Ecuador	Peru
Argentina	Jamaica	Panama
Colombia	Costa Rica	Mexico
Dominican Republic	Venezuela, RB	Uruguay
Cuba	China	Malaysia
Thailand	Angola	Algeria
Tunisia	Libya	South Africa

**High-income economies**

Australia	Germany	Portugal
Austria	Greece	Poland
Belgium	Hungary	Ireland
Italy	Israel	Spain
Czech Republic	Switzerland	Sweden
Finland	Norway	United Kingdom
France	Netherlands	Canada
United States	Qatar	United Arab Emirates
Saudi Arabia	Japan	Hong Kong SAR, China
New Zealand	Korea, Rep.	Singapore

## Chapter Two Notes

1. Address, University of Kansas, Lawrence, Kansas, March 18, 1968.  
Robert F. Kennedy describes what's in the GNP—and what isn't.
2. <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf>
3. Repetto, R., Magrath, W., Wells, M., Beer, C., and Rossini, F., 1989, *Wasting Assets. Natural Resources in the National Accounts*, World Resources Institute, Washington.
4. <http://www.who.int/mediacentre/factsheets/fs311/en/>
5. You can see all the countries' PPP adjusted GDPs at the World Bank website <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>
6. <http://povertydata.worldbank.org/poverty/home/>; Unless otherwise specified, you can assume that per-capita incomes mentioned in this chapter are PPP adjusted.
7. The World Bank, *2011 World Development Report* (<http://wdr2011.worldbank.org/fulltext>).
8. United Nations Human Development Report, 2011; <http://hdr.undp.org/en/statistics/hdi/>
9. Source: The World Bank. For a complete listing, see:  
[http://data.worldbank.org/about/country-classifications/country-and-lending-groups#Lower\\_middle\\_income](http://data.worldbank.org/about/country-classifications/country-and-lending-groups#Lower_middle_income)