

**FOR
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Eligibility to Use the Fund's Facilities for Concessional Financing—Update on Per Capita Income Levels**

Board Action: Executive Directors' **information**

Publication: Not intended as this is an internal note.

Questions: Mr. Weller, SPR (ext. 39312)
Mr. McGrew, SPR (ext. 30475)

Eligibility to Use the Fund's Facilities for Concessional Financing: Update on Per Capita Income Levels

1. **In concluding the 2020 Review of Eligibility to Use the Fund's Facilities for Concessional Financing, Executive Directors underscored the importance of early engagement with countries that may be candidates for graduation from PRGT-eligibility in upcoming reviews.**¹ This note provides updated information on per capita income levels in PRGT-eligible countries in 2019, identifying those countries that currently meet the income criterion for possible graduation from PRGT eligibility at the next scheduled review of PRGT eligibility.
2. **A country graduates from PRGT eligibility when the Executive Board determines that it a) meets the income criterion or the market access criterion and b) is not assessed to face serious short-term vulnerabilities.**² Information relating to PRGT-eligible members that meet the market access criterion based on historical market access is not discussed here; a separate note will be circulated to Executive Directors when the relevant data are published later in 2020.
3. **A country meets the income criterion for graduation when its annual per capita gross national income (GNI):**
 - has been above the IDA operational cutoff for at least the last five years (for which qualifying data are available);³
 - has not been on a declining trend in the same period (comparing the first and final of the five years); and
 - is, based on the latest qualifying annual data, (a) at least twice the operational IDA cutoff or (b) at least three times the IDA operational cutoff for small countries or (c) at least six times the IDA operational cutoff for microstates.

Data on GNI per capita and on the IDA operational cutoff level are produced annually by the World Bank and are published at the beginning of July each year.

4. **Based on the new GNI per capita data released by the World Bank in July 2020, 9 countries currently meet the income criterion for graduation:** Honduras, Lao PDR, Moldova; Cabo Verde, Maldives (small states); and Dominica, Grenada, St. Lucia, and

¹ Fund concessional lending is financed through the Poverty Reduction and Growth Trust (PRGT).

² See “*Eligibility to Use the Fund's Facilities for Concessional Financing*,” SM/20/27, Box 1.

³ The IDA operational cutoff is defined as GNI per capita of \$1,185 in fiscal year 2021. The cutoff was \$1,175 in fiscal year 2020.

St. Vincent and the Grenadines (microstates). One country (Papua New Guinea) has a per capita income level that lies above the graduation threshold but does not meet the income criterion because per capita income has declined over the past five years (see Table 1).

5. Since the last release of income data by the World Bank in July 2019, the following developments are noteworthy:

- Guyana graduated from PRGT eligibility.
- Per capita income in Honduras and Cabo Verde is currently above the graduation threshold.
- Per capita income in Moldova is above the graduation threshold and is no longer on a declining income trend over the past 5 years. Moldova's GNI per capita is from 2018, as data for 2019 are not yet available.
- Per capita income in Cote d'Ivoire and Djibouti rose to within 5 percent of the relevant graduation threshold.

6. Meeting the income criteria alone does not mean that a member would be proposed for graduation at the next scheduled review of PRGT eligibility. As noted above, a PRGT-eligible member that meets the income criterion would only be proposed for graduation from PRGT eligibility if the member is not assessed to face serious short-term vulnerabilities. To provide additional information to Executive Directors, Table 1 includes the current debt distress risk ratings under the Debt Sustainability Framework for Low-Income Countries given the potential impact that these have on a country's near-term prospects for graduation.⁴ Of the nine countries that meet the income criterion for graduation, seven are currently assessed to be at high risk of debt distress or in debt distress. A comprehensive assessment of the short-term vulnerabilities faced by all countries that meet either the income or market access criteria will be conducted as part of the next scheduled review of PRGT eligibility.

7. The next update on GNI per capita of PRGT-eligible countries will occur following the release of data on income per capita for 2020, expected in July 2021. Given the impact of the global pandemic on income levels, it is likely that many countries will, at that point, record a decline in income per capita from 2019 levels.

⁴ The assessment of serious short-term vulnerabilities requires limited debt vulnerabilities, as indicated by the latest Debt Sustainability Analysis (DSA), and a confirmation that overall debt vulnerabilities have remained limited since the DSA was conducted.

Table 1. PRGT-Eligible Countries — Per Capita GNI, Population, and Debt Distress 1/

Non-Small Countries					Small States 2/					Micro States 3/				
Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)	Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)	Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)
Moldova 4/	3,930	3,300	2.66	Low	Maldives	9,650	7,650	0.53	High	St. Lucia	11,020	8,730	0.18	High
Papua New Guinea	2,780	2,910	8.78	High	Cabo Verde	3,630	3,210	0.55	High	Grenada	9,980	7,780	0.11	In debt distress
Lao PDR	2,570	1,970	7.17	High	Djibouti	3,540	2,730	0.97	High	Dominica	8,090	6,870	0.07	High
Honduras	2,390	2,060	9.75	Low	Vanuatu	3,170	2,910	0.30	Moderate	St. Vincent and the Grenadines	7,460	6,560	0.11	High
Côte d'Ivoire	2,290	1,660	25.72	Moderate	Bhutan 4/	2,970	2,520	0.76	Moderate	Tuvalu	5,620	5,440	0.01	High
Ghana	2,220	1,940	30.42	High	Solomon Islands	2,050	1,870	0.67	Moderate	Marshall Islands 4/	4,860	4,310	0.06	High
Bangladesh	1,940	1,220	163.05	Low	São Tomé and Príncipe	1,960	1,660	0.22	In debt distress	Tonga 4/	4,300	4,520	0.10	High
Nicaragua	1,910	1,910	6.55	Moderate	Timor-Leste	1,890	2,200	1.29	Low	Samoa	4,180	3,960	0.20	High
Uzbekistan	1,800	2,600	33.58	Low	Comoros	1,420	1,380	0.85	Moderate	Micronesia 4/	3,400	3,490	0.11	High
Congo, Rep.	1,750	2,420	5.38	In debt distress						Kiribati	3,350	3,470	0.12	High
Kenya	1,750	1,290	52.57	High										
Mauritania	1,660	1,640	4.53	High										
Cameroon	1,500	1,440	25.88	High										
Cambodia	1,480	1,060	16.49	Low										
Senegal	1,450	1,320	16.30	Moderate										
Zambia	1,450	1,580	17.86	High										
Myanmar	1,390	1,260	54.05	Low										
Zimbabwe	1,390	1,280	14.65	In debt distress										
Lesotho	1,360	1,340	2.13	Moderate										
Benin	1,250	1,180	11.80	Moderate										
Kyrgyz Republic	1,240	1,180	6.46	Moderate										
Nepal	1,090	780	28.61	Low										
Tanzania	1,080	980	58.01	Low										

Table 1. PRGT-Eligible Countries — Per Capita GNI, Population, and Debt Distress 1/ (concluded)

Non-Small Countries					Small States 2/					Micro States 3/				
Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)	Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)	Country	2019 GNI per capita (US \$)	2015 GNI per capita (US \$)	2019 Population (millions)	Debt Distress (June 2020)
Tajikistan	1,030	1,250	9.32	High										
Guinea	950	760	12.77	Moderate										
Yemen 4/	940	1,150	29.16	High										
Mali	880	800	19.66	Moderate										
Ethiopia	850	600	112.08	High										
Guinea-Bissau	820	640	1.92	Moderate										
Rwanda	820	750	12.63	Moderate										
Burkina Faso	790	700	20.32	Moderate										
Haiti	790	820	11.26	High										
Uganda	780	830	44.27	Low										
Gambia, The	740	620	2.35	High										
Chad	700	880	15.95	High										
Togo	690	640	8.08	Moderate										
Sudan	590	1,690	42.81	In debt distress										
Liberia	580	630	4.94	Moderate										
Niger	560	520	23.31	Moderate										
Afghanistan	540	600	38.04	High										
Central African Republic	520	400	4.75	High										
Congo, Dem. Rep.	520	460	86.79	Moderate										
Madagascar	520	490	26.97	Low										
Sierra Leone	500	550	7.81	High										
Mozambique	480	640	30.37	In debt distress										
Malawi	380	350	18.63	Moderate										
Burundi	280	260	11.53	High										
Eritrea	-	-	-	In debt distress										
Somalia	-	-	15.44	In debt distress										
South Sudan	-	1,090	11.06	In debt distress										

Sources: IMF WEO; World Bank, World Development Indicators, accessed on July 10, 2020.

The IDA operational cutoff is defined as GNI per capita at \$1,185 in fiscal year 2021.

1/ Countries that meet the income criterion for graduation are marked in yellow. Countries close to meeting the income criterion are marked in blue.

2/ Population below 1.5 million but not less than 200,000.

3/ Population below 200,000.

4/ 2019 GNI per capita figures are for 2018 or 2017.