

## Annex A: Methodology for income level classification

The methodology is based on the fact-based framework put forward by Hans Rosling in his book *Factfulness*<sup>1</sup> (data available on [www.gapminder.org](http://www.gapminder.org)). Hans Rosling characterised people as belonging to four “levels” rather than living in developed or developing countries.

These levels are based on the average daily income of the population in any country/geography. A country will have people living across the four income levels (people earning different amounts), however, their shares will differ substantially.

Hans Rosling defines the income levels as following:

- Level 1: Earning < US\$ 2 per day
- Level 2: Earning between US\$ 2 - US\$ 8 per day
- Level 3: Earning between US\$ 8 - US\$ 32 per day
- Level 4: Earning more than US\$ 32 per day

### Further details on Hans Rosling’s four levels of income:

“**Level 1**”: These one billion people live off less than US\$ 2 per day. They get around on their own two barefoot feet, cook over an open flame like a cookfire, fetch water in a bucket, and sleep on the ground. They cannot afford to buy food, or access to health services.

“**Level 2**”: This is the income group where the majority of the world's people lives today (3 billion people), getting by on US\$ 2-8 a day. Members of this group may have minimal possessions like a bicycle, a mattress, or a gas canister for cooking at home. If faced with illness the out-of-pocket spending will eat up their minimal savings and throw them back to the extreme poverty of level 1.

“**Level 3**”: People in level 3 live on anywhere from US\$ 8 a day to US\$ 32. They have running water, might own a motorbike, and their meals are a rich and colourful mix of foods from day to day. Like level 1, roughly one billion of the world's people live on level 4.

“**Level 4**”: These 1 billion people live off US\$ 32 a day or more and have running water (both hot and cold) at home, a vehicle in the driveway, and plenty of nutrients on their plate. They have also likely had the chance to finish twelve years of school, or more.

People living on less than US\$ 8 per day (Level 1 and 2 population) are at an increased risk of suffering irreversible health and catastrophic financial consequences from illness. This represents the “vulnerable population”.

<sup>1</sup> Factfulness: Ten Reasons We're Wrong About the World--and Why Things Are Better Than You Think; by Hans Rosling, Anna Rosling Rönnlund, Ola Rosling; 2018

In 2000, over 55% of level 1 and level 2 people were in Low Income Countries (LICs), and almost 45% lived in Middle Income Countries (MICs). In the next strategic period this ration is expected to shift to 20% (LICs) and 80% (MICs). Over the years High Income Countries have had a negligible share of Level 1 and 2 people<sup>2</sup>.

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<sup>2</sup> Data used for analysis available on [www.gapminder.com](http://www.gapminder.com)