

# World Bank warnings in its report titled “East Asia and Pacific in the Time of Covid-19”

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In a bad case scenario, East Asia and the Pacific could see up to 11 million people driven into poverty, with low wage and informal sector workers the most vulnerable, the World Bank warns in a report on the economic impact of the COVID-19 pandemic.

The World Bank calculated two different scenarios for the region – a “baseline” referring to severe growth slowdown followed by a strong recovery, and a “lower-case” or a deeper contraction followed by a sluggish recovery.

## **Key Highlights**

- It estimates that under the baseline growth scenario, nearly 24 million fewer people will escape poverty across the region in 2020 than would have been the case in the absence of the pandemic, using a poverty line of US\$5.50 (\$7.83) a day.
- And if the economic situation deteriorates further, and the lower-case scenario prevails, then prior projections estimating nearly 35 million people would escape poverty in East Asia and Pacific in 2020, including over 25 million in China alone, are essentially nullified.
- A region that’s been growing at steady 6 per cent overall could see, even in our baseline scenario, as much as 4 percentage points cut off the growth rate, pointed out by Mr. Aaditya Mattoo, the World Bank’s Chief Economist for East and the Pacific region.
- One key policy recommendation from the World Bank is that countries should take an integrated view of containment and macroeconomic policy, rather than see them as separate instruments for separate goals, Mr Mattoo said.

- The World Bank's analysis, titled "East Asia and Pacific in the Time of Covid-19" focuses on developing countries and is based on country-level data as of March 27.
- In the lower-case scenario, this year the Philippines, Papua New Guinea, Indonesia, Malaysia, Timor Leste and Thailand will slip into negative territory.
- Thailand would be worst off with -5 per cent. Thailand would suffer a -3.0 per cent contraction under the baseline scenario.

**SOURCE:** *BBC News, Business Standard*