



World Bank's Global Economic Prospects Report

For Prelims: [World Bank \(WB\)](#), [GDP \(Gross Domestic Product\)](#), [Global Trade](#), [Pandemic](#), [Debt](#).

For Mains: World Bank's Global Economic Prospects Report, Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Source: [DTE](#)

Why in News?

Recently, the [World Bank \(WB\)](#) has released its **Global Economic Prospects Report**, which shows that the global economy may witness a poor performance by the end of 2024, the slowest half-decade of [GDP \(Gross Domestic Product\)](#) growth in 30 years.

What are the Key Highlights of the Report?

- **Slowest Half-Decade of GDP Growth in 30 Years:**
 - The global economy is projected to **experience the slowest half-decade of GDP growth** in three decades, with a growth rate of 2.4% in 2024.
- **Improved Outlook Compared to Previous Year:**
 - The **risk of a global [Recession](#) has receded**, attributed to the strength of the US economy, resulting in a better global economic position than the previous year.
 - But mounting geopolitical tensions **could create fresh near-term hazards** for the world economy.
- **Deteriorating Medium-Term Outlook for Developing Economies:**
 - While the global economy is in a better place than a year ago, the medium-term outlook has worsened for many developing economies. Factors include slowing growth, sluggish [Global Trade](#), and tight financial conditions.
- **Challenges in Global Trade and Borrowing Costs:**
 - Global trade growth in 2024 is expected to be **only half the average in the decade preceding the [Pandemic](#)**.
 - Borrowing costs for developing economies, especially those with low credit ratings, are expected to remain high.
- **Global Growth:**
 - Global growth is projected to slow for the **third consecutive year**, dropping from 2.6% in 2023 to 2.4% in 2024.
 - Developing economies are **projected to grow just 3.9%**, more than one percentage point below the average of the previous decade.
 - Low-income countries are projected to **grow by 5.5%**, lower than initially expected.
- **Weak Near-Term Growth and High Debt Levels:**
 - There will be weak near-term growth, **particularly in developing countries**, leading to high levels of [Debt](#) and limited access to food. That would obstruct progress on many global priorities.
- **Recommendations:**

- There is a **need for urgent action to accelerate investment** and strengthen fiscal policy frameworks to avoid a wasted opportunity in the current decade.
- The report advocates for a **'formidable' increase in investment by developing countries**, approximately USD 2.4 trillion per year, to address climate change and achieve other key global development goals by 2030.
- The developing economies need to implement comprehensive policy packages, including improvements to fiscal and monetary frameworks, expansion of cross-border trade and financial flows, betterment of the investment climate, and strengthening of institutional quality.

What is World Bank?

▪ About:

- It was **created in 1944, as the International Bank for Reconstruction and Development (IBRD)** along with the IMF. The IBRD later became the World Bank.
- The World Bank Group is a unique global partnership of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.
- The World Bank is one of the [United Nations'](#) **specialized agencies**.

▪ Members:

- It has 189 member countries.
- India is also a member country.

▪ Major Reports:

- [Human Capital Index](#).
- [World Development Report](#).

▪ Its Five Development Institutions:

- International Bank for Reconstruction and Development (IBRD)
- International Development Association (IDA)
- International Finance Corporation (IFC).
- Multilateral Guarantee Agency (MIGA)
- International Centre for the Settlement of Investment Disputes (ICSID)
 - India is not a member of ICSID.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. With reference to 'IFC Masala Bonds', sometimes seen in the news, which of the statements given below is/ are correct? (2016)

1. The International Finance Corporation, which offers these bonds, is an arm of the World Bank.
2. They are the rupee-denominated bonds and are a source of debt financing for the public and private sector.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

Q. India's ranking in the 'Ease of Doing Business Index' is sometimes seen in the news. Which of the following has declared that ranking? (2016)

- (a) Organization for Economic Cooperation and Development (OECD)

- (b) World Economic Forum
- (c) World Bank
- (d) World Trade Organization (WTO)

Ans: (c)

PDF Refernece URL: <https://www.drishtias.com/printpdf/world-bank-global-economic-prospects-report>

