

MARKETING

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Introduction

Pakistan has been facing significant socio-economic challenges for the past three decades. Its average per capita growth over these three decades was hovering around two percent. In particular, Pakistan's economy was characterized by substantial financial deficits, misaligned economic policies, eroded microeconomics buffers, weak tax administration, high unemployment rates, severe poverty, and depleted international debt (International Monetary Fund, 2018, Cevik, 2016). International Monetary Fund, 2021, World Bank (2020) agree that the socio-economic development projects launched and facilitated by the World Bank and IMF remained having a positive effect in such an economy. Yeo and Deng (2019) report that the World Bank and IMF economic development projects revitalized Pakistan's economy through promoting long-term economic developments and fighting poverty by financial and technical support.

1a. IMF and World Bank

International Monetary Fund (IMF) was formed in 1944 to encourage international financial cooperation among global nations. (International Monetary Fund, 2019). International Monetary Fund (2018) highlights that the core function of the IMF is to oversee the international monetary system. The other secondary functions are anchored on this core function. IMF secondary functions include issuing monetary policy recommendations, granting credit to member countries amid temporary balance of payment, and surveilling over member countries' exchange rate and monetary policy. Yeo and Deng (2019) summarize IMF functions as; financial functions, consultative functions, and regulatory functions. According to Brollo and Hanedar (2021) all IMF functions are designed to promote the international financial and monetary system stability and transforming global economies.

The World Bank is an international organization that was formed in 1944, which works with developing countries to reduce poverty and increase wealth (World Bank, 2020). World Bank (2021) maintains that the World Bank has one central purpose: to promote social and economic progress in developing countries by providing technical and financial support to developing countries. It offers grants, low-interest loans, and interest-free credit to developing countries around the globe for the transformation of economies. According to International Monetary Fund (2021) the World Bank's mission is to promote long-term socio-economic development projects

by providing technical and financial support. It helps developing countries around the world revive their economies by building health centers, schools, providing electricity and water, protecting the environment, and fighting diseases.

2a. Balance of payment

Mankiw (2006) defines a balance of payment as a statement that shows all the transactions made between entities in one country with the rest of the world over a specific period. Colanda (2012) mentions that a balance of payment deficit shows the country relies more on imports than exports, and the reverse is true.

Varela (2020) reveals that Pakistan experienced a balance of payment deficit from 1998, and in 2008 the problem became so serious forcing Pakistan to engage IMF and borrow US\$7.6 billion to revive its export competitiveness. Plum and Kinies (2019) report that the US\$7.6 billion disbursed by IMF to Pakistan raised linen and furnishing art, accounting for a 48% export increase from 2008 to 2019. World Bank (2021) maintains that more export generates more money into the country, ensuring a balance of payment surplus. However, to increase imports, the government needs to invest a lot of money in the manufacturing industry. A country cannot export when its manufacturing sector is not operating well. Campi and Duenas (2019) argue that what improved Pakistan's balance of payment is the US\$7.6 billion borrowed from IMF, which was channeled straight to revive the manufacturing sector, resulting in Pakistan supplying more locally manufacture products in the international market.

2b. Human development index

Frank and Bermanke (2013:08) define human development index (HDI) as "a statistical tool that is used to measure a country's overall achievement in its economic and social dimensions." Mankiw (2011) maintains that the socio-economic dimensions of a country are indicated by citizens' education level, health, and standard of living.

Many socio-economic development projects were facilitated and rolled out by the World Bank and IMF to raise Pakistan's human development index. World Bank (2021) mentions that in 2009 the World Bank, seeing that Pakistan education has generally been poor, especially in Balochistan, launched the Balochistan Education Support Project to revive the education sector.

World Bank (2020) reveals that 156 schools were built and student outcomes were improved and teachers' performance was improved under the Balochistan Education Support Project. To improve the health of the people of Pakistan, World Bank (2020) highlights that the World Bank launched the Punjab Health Sector Reform Project in 2012. Under this project many clinics were built, making it easy for local people to access health services even in remote areas. Manzoor, Shabbir and Syed (2018) confirm that the Punjab Health Sector Reform Project significantly improved health services in Pakistan as the project resulted in a revitalization of health care services and rehabilitation of health infrastructure in the districts.

2c. Unemployment

Unemployment occurs when employable individuals actively seek jobs but cannot find one (Manzoor *et al.*, 2018). According to Blinov (2017) high unemployment implies the economy cannot offer enough jobs for job seekers.

Varela (2020) argues that unemployment is a permanent challenge in Pakistan but acknowledge that the economic development projects launched by the World Bank and IMF have created many jobs in the country. International Monetary Fund (2019) highlights that on the 3rd of July 2019 IMF releases US\$6 to Pakistan, which a quarter of it was used to fund startup businesses across the country. The money was used to support over 6500 startup businesses and this implies employment creation, although no reliable statistics show the exact number of people who got jobs under this project. Muhula (2019) shows the Pakhtunkhwa and Fata Project launched by the World Bank to develop SMEs and attract business investment from the diaspora results in the creation of 4900 jobs. This was a significant achievement since many people were jobless since the 2010 floods, which destroyed over 2300 enterprises.

2d. Inflation

According to Frank and Bermanke (2013:19), "inflation is a general rise in prices and fall in the purchasing value of money." Mankiw (2011) points out that there are three major causes of inflation, namely cost-push, demand-pull and built-in inflation

Manzoor *et al.* (2018) and Brollo and Hanedar (2021) agree that high inflation in Pakistan is usually experienced on energy and food price hikes which have been so high in the country for

almost a decade. World Bank (2020) reports a decline in food prices from 11 percent to 7.4 percent from 2010 to 2014 in Pakistan. Also, energy prices sharply decreased from 2013 to 2017. World Bank (2020) highlights that the World Bank committed US\$230 million to five power projects in Pakistan which include Larid, Zorlu energy, and the first hydro-power project. These four projects increased the power supply in the country by 3000 MV and reduce energy prices.

2e. Trade

Blinov (2017) defines trade as the buying and selling goods and services locally or internationally with compensation paid by a buyer to the seller. Mankiw (2011) divides trade into two categories; domestic trade and international trade.

The World Bank launched a Trade Finance Facility in Pakistan in 2007 with US\$20 million, which has been successfully enhanced over five years to US\$100 million. Under this initiative, SMEs were funded, and business operations around the country were enhanced (World Bank, 2020). World Bank (2021) points out that a massive project was launched in 2009 by the World Bank called the Second Trade and Transport Facilitation. The project was designed to revive Pakistan's domestic and international trade activities. Export time was reduced from 15 days to 28 days by the end of the project. The project also resulted in a 12% decrease in import costs. International Monetary Fund (2018) reports that roads that were constructed by the World Bank under the Second Trade and Transport Facilitation in 2009 in Pakistan improved trade efficiency. The raw materials are now reaching the industry on time and finished products are reaching consumers on time.

Conclusion

Pakistan's economy has been growing slowly for the past two decades. Some of the economic improvements experienced by Pakistan in the past two decades, however, are attributed to the socio-economic development project funded, supported, and launched by the World Bank and International Monetary Fund. The World Bank rolled out many projects in Pakistan to enhance the country's economy. These projects include the Balochistan Education Support Project, the Punjab Health Sector Reform Project, the Pakhtunkhwa and Fata Project, the Second Trade and Transport Facilitation, which aimed to improve education outcomes, health services, employment rates and trade activities, respectively. International Monetary Fund also helps

Pakistan revive its economy, lending two major loans which Pakistan invested in renewing its local industries. Therefore, the World Bank and International Monetary Fund have improved Pakistan's economy particularly its employment rates, balance of payment, trade and human development index.

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