

1. ENERGY CRISIS IN PAKISTAN: CAUSES AND CONSEQUENCES.

Thesis Statement:

Energy crisis in Pakistan ~~is~~ ^{has been} caused by numerous factors. If ~~attended~~ ^{attended} these factors may lead the ~~country~~ ^{country} sector to drastic consequences.

OUTLINE:

1. Introduction

2. The numerous factors causing energy crisis in Pakistan are:

2.1) Insufficient investment in the energy sector building new power plants or upgrading existing infrastructure to meet the growing energy demand.

2.2) The accumulation of circular debt in the energy sector has exacerbated the disruption in energy generation processes.

2.3) Energy theft in Pakistan has significantly added to worsening of the sector.

2.4) Poor governance and mismanagement in energy planning have led to ineffective energy policies.

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2.5) Heavy reliance on imported fossil fuels has impacted country's energy security.

2.6) Increasing demand of energy due to population growth and industrial expansion without corresponding increase in energy supply has worsened the crisis.

2.7) Lack of diversification in energy sources to meet the demand has exacerbated the crisis.

2.8) Inefficient use of energy has contributed to further worsening the energy crisis.

i- The consequences of energy crisis in the country are:

3.1) Unreliable energy supply has reduced investor confidence which has thereby limiting economic growth in the country.

3.2) By hindering industrial and commercial advancement, the crisis has affected overall economic productivity of the country.

3.3) High energy costs have prompted overall inflation in the country by increasing production costs of goods and services.

3.4) High production costs have forced the closure of small and medium businesses thereby increasing unemployment.

3.5) Increasing unemployment and power shortages have fueled public discontent and political instability.

3.6) The use of fossil fuel for energy production has significantly added to environmental degradation in the country.

3.7) The crisis has hindered the efficient use of irrigation systems, which is leading to severe setbacks in the agricultural sector of the country.

3.8) Frequent energy shortages at institutions and essential services has reduced the overall quality of life.

4- Conclusion.

Pakistan has been grappling with a severe energy crisis for several years. The energy crisis in Pakistan has significantly impeded the country's economic growth and development of other major sectors. In order to address the contemporary crisis, it is crucial to understand the various factors which

Suggest remedial measures as well

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have led to the crisis. One of the primary reasons for Pakistan's energy crisis is the insufficient investment in the energy sector. Subsequently, the accumulation of energy debt and increasing incidents of energy theft have exacerbated the crisis. Moreover, poor governance and lack of accountability in energy sectors has resulted in ineffective energy policies. Also, over-reliance on imported fossil fuels for energy production has posed negative impacts on the energy security of the country. The combustion of these fossil fuels also meet energy requirement has also

The increasing demand of energy due to rapid population growth has also strained the sector. To add to it, the lack of diversification in energy sources to meet the demand has also worsened the crisis. In the similar manner, wasteful industrial and commercial energy consumption practices have also added to the vulnerability of the sector. All these foregoing issues have contributed towards worsening the crisis of the sector. This crisis has far reaching consequences which have impacted almost every sector of the nation. Firstly, the unreliable energy supply has reduced investor confidence and disrupted the economic growth of the country. Also, high production costs due to expensive energy supply has prompted inflation in the country. This has led to closure of small and medium local businesses.

thereby increasing unemployment. Furthermore, the crisis has fueled political and social unrest in the country. The use of non-renewable sources for energy production has prominently affected the environment as well. In addition to this, the crisis has also led to severe setbacks in the agricultural sector and reduced the quality of life too. By considering the preceding causes and consequences of energy crisis in the country, it is not far from truth to maintain that numerous factors are responsible for energy crisis in the country and its irreparable consequences.

Firstly, lack of investment in building updated power plants and upgrading existing infrastructure for energy production is the primary cause of Pakistan's energy crisis. The National Electric Power Regulatory Authority of Pakistan (NEPRA) reported that Pakistan loses 20 percent of its generated electricity due to transmission and distribution inefficiencies. The authority further maintained that due to limited funds, the funds have not been consistently directed towards the development of new power projects or maintenance of existing plants. By keeping the foregoing reason into consideration, it can be safely maintained that insufficient investment is one of the primary causes of energy crisis in Pakistan.

Subsequently, the accumulation of circular debt in the energy sector has exacerbated the disruptions in energy the processes of energy generation this occurs when power the consumers or the government which results in a shortage of funds to fulfil fuel and maintenance demands. In its periodic report on financial impacts of circular debt on Pakistan's power sector, the Asian Development Bank (ADB) released that the circular debt in Pakistan has reached over 15 billion dollars, declaring it an "alarming situation for the country. Therefore, it is evident that circular debt issue in the energy sector has worsened the crisis.

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Another cause of energy crisis in Pakistan is high levels of energy theft. This is the illegal use of or diversion of electricity, bypassing official metering or tampering with the meters to avoid paying for power consumption. In the annual report of NEPRA, the authority claimed that these reports on frequent losses due to non-technical issues have significantly increased. These losses account for as much as 20-25 percent of electricity produced. Electricity theft was enumerated as the top issue leading to such losses. Thus, it can be fairly asserted that persistent losses due to electricity theft have exacerbated the energy crisis in Pakistan.

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WHAT ARE THE HURDLES IN OUR WAY TO BECOMING A TRULY INDEPENDENT STATE?

Thesis statement:

Being a developing country, numerous challenges persist on Pakistan's road towards true autonomy. However, certain measures may be taken to address these challenges.

OUTLINE:

1. Introduction:

The challenges faced by Pakistan in becoming a truly independent state are:

- 2.1) Pakistan's over-reliance on foreign aid undermining the economic independence of the country.
- 2.2) Lack of industrial diversification adding to the economic vulnerability of the country.
- 2.3) Persistent energy crisis in the country ~~has~~ discouraging foreign investors from setting up large scale projects in the country leading to negative impacts on economy.
- 2.4) Political instability marked by frequent changes in government.

2.5) The entrenched roots of corruption and lack of transparency undermining national development.

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2.6) Persistent threats of terrorism and lack of internal security undermining national sovereignty.

2.7) Lack of robust educational system affecting the development of human resource of the country.

2.8) Lack of access to modern technology and innovation restricting the development of industrial sector of the country.

3. Certain measures that can be taken to address these challenges are:

3.1) Diversifying the economy can reduce Pakistan's reliance on foreign aid and increase its prospects of economic independence.

3.2) Developing a sustainable energy policy can address Pakistan's energy crisis and promote economic growth.

3.3) Encouraging technological advancement can reduce dependence on foreign aid by boosting the economy of the country.

3.4) Introducing institutional reforms - to curb corruption and enhance transparency may lead to strengthening of political institutions in the country.

3.5) Strengthening the democratic institutions may enhance the prospects of achieving political stability in the country.

3.6) Strengthening the institutions of check and balance may ensure effective policy implementation by holding the institutions accountable for their actions.

3.7) Improving internal security and countering terrorism may help Pakistan focus on its development and strengthening the national governance.

3.8) Investing in development of educational system and human resource may foster innovation and enhance the prospects of economic independence.

4- Conclusion:

Given its status of a developing country, Pakistan's route to attaining true independence is marked with numerous social, political and economic challenges. It is due to these persisting

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challenges that Pakistan is still struggling to achieve the status of a truly independent state. One of the most significant challenges in Pakistan's way to true autonomy is the prolonged period of political instability. ~~Since its partition from India,~~ Also, the financial autonomy of Pakistan has been undermined considerably due to its over-reliance on foreign aid. Another factor that has added to the economic vulnerability is the lack of industrial diversification. Moreover, the persistent energy crisis have discouraged the foreign investors from investing in the country. This has further weakened the economy. In addition to this, the entrenched roots of corruption and lack of transparency in the institutions have undermined the development of the nation. Also, the threats to internal security of the have compromised the nation's sovereignty. Furthermore, the lack of robust educational system and dearth of modern technology and innovation have marred the advancement of ~~the~~ industrial sector in the country.

Since, the foregoing challenges have contained the country from acquiring true autonomy, it is requisite to implement certain measures to address these challenges. To begin with, diversifying the economy may reduce the country's reliance on foreign aid. Also, developing a sustainable energy policy can address the energy crisis in Pakistan. Moreover, encouraging technological advancement and ~~&~~ investing in the development of a robust educational system may add to the economic growth of the country. Also, by

institutional

introducing ~~social~~ reforms and strengthening the democratic institutions, the prospects for curbing corruption and enhancing transparency may be strengthened. Further measures that can be taken include ensuring accountability of state institutions and countering the ~~threats~~ of security in the country. Thus, taking everything into consideration, it is reasonable to maintain that Pakistan has numerous challenges on its road to true autonomy which need to be addressed.

First and foremost, Pakistan's over-reliance on foreign aid has undermined the economic independence of the country. Foreign loans from multilateral financial institutions like IMF and the World Bank create economic dependencies in the recipient countries. This can be ~~illustrated~~ further backed by Dambisa Moyo's book "Dead Aid". The author has fiercely challenged the traditional ~~and~~ economic and political thought regarding foreign aid. She contended in her book that foreign aid distorts the economies of recipient countries. She also argued that the reason for enormous external debts on Africa is its over-dependency of foreign aid. For this reason, it can be deduced that over-reliance on foreign aid indeed compromises the economic freedom of the borrowing country.

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Similarly, lack of industrial diversification has added to the economic vulnerability of the country. The limited industrial base of the country and its failure to diversify its exports has negatively impacted its economy. According to the annual report of world bank, for 1 percent increase in exports, the GDP of Pakistan will increase by 4.77 percent. Unfortunately, the exports of goods and services of Pakistan only constitute 10.47 percent of its overall GDP, as compared to the global average of 29.3 percent. This demonstrates that in order to boost its economic growth, the country needs to diversify its exports. Therefore, it can be safely asserted that, a narrow economic base in the country has kept it from achieving economic independence.

Moreover, the persistent crisis of energy in the country has discouraged foreign investors from setting up large scale projects in the country thereby worsening its economic conditions. Pakistan's current state of energy crisis has been a red signal for foreign investors. Scholar "Sana Khalid" in her research paper "declining trends of foreign direct investment in Pakistan" enumerates country's contemporary energy crisis as one of the reasons ~~to~~ ^{repell-}ing foreign investment. She says that the crisis has caused numerous manufacturing organizations to close down. Textile giant, Nishat Chiniyan limited (NCL) has also announced recently to limit its

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operations in Pakistan due to frequent energy shortages. This clearly demonstrates how energy crisis in the country is hindering industrialization and economic growth.

CRISIS OF GOOD GOVERNANCE IN PAKISTAN: NEED FOR REFORMS AND INSTITUTION BUILDING.

Thesis Statement:

Several factors point towards the crisis of good governance in Pakistan. This calls for immediate adoption of appropriate reforms and development of institutions to remedy the situation.

OUTLINE

1. Introduction

2. What is meant by the term "good governance"?

3. Various factors indicating the crisis of good governance are:

3.1) Political instability marked by frequent changes in government has impeded the development of good governance in Pakistan.

3.2) Persistent corruption has contributed to the crisis of governance in the country.

3.3) Lack of accountability and non-functioning of institutions has weakened the institutional framework of the country - thereby preventing effective governance.

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3.4) Poor law enforcement and judicial inefficiencies have contributed to crisis of governance in Pakistan.

3.5) Institutional delays have led to weakening of rule of law thereby preventing advancement of good governance in the country.

3.6) Lack of public participation in decision making has weakened the governance in Pakistan.

3.7) Economic mismanagement characterized by excessive borrowing and failure to collect taxes effectively have led to economic instability.

3.8) Violation of human rights and disregard for the rule of law has exacerbated the crisis of good governance in Pakistan.

4- How may the adoption of appropriate reforms and development of institutions promote the prospects of good governance in Pakistan?

4.1) Strengthening accountability mechanisms may enable robust functioning of institutions thereby promoting the prospects of good governance in Pakistan.

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4.2) Certain judicial reforms may be taken to improve the rule of law and enhance good governance.

4.3) Promoting public inclusivity in decision making can improve the prospects of good governance.

4.4) Strengthening Pakistan's civil services and reducing the amount of red tapism involved in procedures may improve governance outcomes.

4.5) Adopting institutional reforms to curb corruption and enhance transparency may improve the prospects of good governance in the country.

4.6) Introducing economic reforms to address fiscal delays and resource management is essential for improved and efficient governance.

4.7) Introducing political reforms may enable sustained leadership thereby curbing political instability.

4.8) Adopting and implementing legal reforms to protect human rights and strengthening the rule of law are essential for good governance.

5- Conclusion.

For the 77 years of independence of Pakistan, the country has been suffering from the crisis of good governance. With the problems of corruption, red-tapism and inefficiency in its internal structure, the country needs immediate reforms and institutional development to recover from the inter-
 primary crisis of good governance. In order to determine what measures may be taken, it is required to identify the factors responsible for the crisis of good governance in the country. One of the primary issues in this regard is the persistent political instability in the country. Also, the entrenched roots of corruption and lack of transparency have contributed much towards worsening the situation. To add to it, lack of accountability mechanisms and red-tapism in the state institutions have aggravated the crisis in the country. Moreover, poor law enforcement followed by judicial inefficiencies have also fueled the crisis. Further factors responsible for ~~the~~ adding to the vulnerability of the crisis are lack of public participation, deep rooted economic instability and disregard for the rule of law. In order to contain the crisis it is requisite to address the foregoing concerns by implementing ~~the~~ certain measures. First and foremost, strengthening the accountability measures is requisite to ensure robust functioning of economic institutions. Moreover, implementing judicial reforms and promoting civic participation

in decision addressing can be good governance. Also, adopt prospects - transparency reforms management reforms. The be de to wear approval the is the crisis prolonged experience ent c that in the paper situati in the added tend quick nce

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in decision making may enhance the prospects of addressing the crisis. Further measures which can be taken to improve the prospects of good governance in the country include strengthening Pakistan's civil services and reducing the amount of red tapism involved in procedures. Also, adopting institutional reforms may enhance the prospects of curbing corruption and ensuring transparency. Additionally, introducing economic reforms may address fiscal delays and resource management. Furthermore, introducing political reforms may also improve the governance outcomes. Thus, from the foregoing discussion it can be deduced that while several factors point towards the crisis of good governance, adopting appropriate institutional reforms may remedy the situation.

One of the most significant factors inciting the crisis of good governance in the country is the prolonged period of political instability. Pakistan has experienced numerous military coups and government changes since its independence. It is notable that no government has yet completed its tenure in the country. Dr. Amir Raza, in his research paper "rise of populism in Pakistan" says that the situation of political unrest in Pakistan has resulted in the emergence of populist leadership. He further added that the populist narratives of these leaders tend to promote short-term policies that yield quick political gains rather than sustainable governance reforms. For this reason, it can be safely

asserted that the extended period of political instability has hampered the development of good governance in the country.

Similarly, persistent corruption has contributed to the crisis of good governance in the country. Anti-corruption remains a central concern of Pakistan. Transparency International has listed corruption as a substantial obstacle in the development of the country. Moreover, Pakistan ranks 133rd on the global corruption index of countries with the least corruption rates. The engrained roots of corruption erode public trust in the democratic institutions. It also undermines the social contract between the government and public. This leads to a situation of social and political unrest. Thus, it can be reasonably maintained that corruption diminishes the prospects for development of good governance in the country.

Moreover, lack of accountability of democratic and state institutions has weakened the institutional framework of the country thereby preventing effective governance. Dr. Kia-ur-Rehman, in his paper "Issues of governance in Pakistan" has enumerated lack of accountability and transparency as the reasons for lack of effective governance in the country. He further added that institutions responsible for upholding the rule of law and accountability are often undermined in Pakistan. In a similar way,

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d) according to the World Bank, weak accountability of institutions and political leadership results in unstable governance. Therefore, lack of accountability reduces the prospects for development of good governance in the country.

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PATHWAYS TO PAKISTAN'S PROSPERITY.

Thesis Statement:

Pakistan's pathway to prosperity has numerous barriers. However, implementing certain measures may

OUTLINE.

1- Introduction:

2. The numerous barriers to Pakistan's prosperity are:

2.1) Persistent economic instability and weak financial management

2.2) Frequent changes in the government leading to political instability.

2.3) Over-reliance on external debt and aid from multi-lateral financial institutions

2.4) Persistent threats of internal security and terrorism discouraging tourism industry

2.5) Frequent persistent power shortages and unreliable energy supplies discouraging foreign investment in the country

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2.6) Weak educational system increasing the prospects of unemployment.

2.7) Frequent and extreme climate changes severely affecting the agricultural sector of the country.

2.8) Rapid population growth exacerbating poverty, unemployment and straining essential resources.

3. Certain measures that can be taken to augment the prospects of a prosperous Pakistan are:

3.1) Improving fiscal reforms to promote economic growth.

3.2) Strengthening export economy to promote economic well being of the country.

3.3) Investing in industrialization to attract foreign investment.

3.4) Improving institutional reforms to improve governance in the country.

3.5) Addressing the [↑] threats of internal security ~~systems~~ and terrorism in the country.

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3.6) Introducing energy reforms and expanding renewable energy resources to meet energy demand

3.7) Investing in the development of a robust educational system to ensure human development

3.8) Introducing reforms to ensure sustainable environment in the country

4. Conclusion

Pakistan is a developing country, and like many such countries its route to prosperity is has various barriers. With a focus on economic growth, improved infrastructure, social and economic progress, Pakistan has the potential to create a path towards stability and sustainable development. One among a range of hurdles in Pakistan's route to prosperity is its persistent economic stability followed by weak financial management. Similarly, political instability and overdependence on multi-lateral institutions also hamper the prosperity of the country. Also, persistent threat of terrorism and internal security pose serious risk to well-being of the country. Another major challenge faced by Pakistan in this regard is its pestimacious energy crisis. In addition to this, lack of robust educational system and

increasing rates of unemployment have also added to worsening the prospects for stability of the country. Furthermore, the extreme degradation of environment has strained the productivity of agricultural sector of the country. To add to it, the rapid population growth is also one of the prominent concerns which the country needs to address. In order for Pakistan to thrive in the contemporary world of progress and advancement, it needs to adopt certain measures to address the preceding ~~to~~ shortcomings. One of the prominent initiatives which the country needs to adopt is improving its fiscal reforms to promote economic growth. Followed by strengthening the export economy and investing in industrialization to attract foreign direct investment. Moreover, the government needs to improvise institutional reforms and address the threats of internal security and terrorism. ~~Also,~~ Further measures which may be taken include introducing energy reforms to curb the energy crisis, ~~and~~ investing in the development of a robust educational system and ensuring the manifestation of a sustainable environment in the country. By taking ^{everything} into a consideration, it can be reasonably maintained that in order to achieve prosperity, Pakistan needs to address the numerous hurdles in its route to prosperity.

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One among many challenges faced by Pakistan on its route to prosperity is the persistent economic instability and weak financial management in the country. A prominent case study that can be used to illustrate the argument is the economic crisis of in Pakistan during 2018-2020. According to the World Bank's report titled "Pakistan's economic update", the country's sustainable growth is adversely affected by high inflation rates, fluctuating currency values and widening budget deficits. Similarly, the state bank of Pakistan in its quarterly report contained that Pakistan's growth has been significantly hampered due to its vulnerable economic conditions. Due to foregoing reasons, it can be established that economic instability is a major threat to the prosperity of Pakistan.

Subsequently, the political instability in Pakistan exemplified by frequent changes in governments and leaderships has also discouraged the prosperity and growth of the country. This can be demonstrated through the removal of ~~the~~ ^{the} governments of Mian Nawaz Sharif and Mohi-ud-Din Khan Ishtiaq in 1990s. The political governments were dissolved by the virtue of article 58(2)(b) of the constitution. Although the article was later repelled, it established the precedent for future

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political unrest in the country. Following these removals of governments, the country ~~has~~ ~~been~~ operating on a trail of political ~~&~~ disruption. Therefore, it can be asserted that political instability ~~is~~ ~~the~~ ~~main~~ ~~obstacle~~ is a major obstacle in Pakistan's route to prosperity.

Similarly, Pakistan's over-reliance on multi-lateral institutions for economic support has hampered its human capital development and long-term economic prosperity. The country's reliance on foreign aid can be illustrated by its recent relationship with the international monetary fund. For instance, the IMF's official documents on Pakistan, particularly ~~in~~ the 2019's Extended Fund Facility (EFF) arrangement detailed that the country's ~~continuous~~ reliance on foreign aid for fiscal support has increased its ~~total~~ debt obligations. The fund further established that Pakistan's total borrowing from IMF amounts to approximately 8.4 billion dollars. Thus, Pakistan's over-reliance on IMF and other multi-lateral institutions has hampered its prosperity.

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IMF BAIL-OUTS : ROADS TO STABILITY OR RECUPERATION RECIPES FOR DISASTER.

Thesis Statement:

Despite providing countries with temporary economic sustainability, the conditions anchored with IMF bail-outs may very easily deviate a country towards economic disaster. Therefore, certain indigenous measures may be taken to avoid the latter.

OUTLINE

1. Introduction:

2. How do IMF Bail-outs help countries in achieving temporary economic stability.

2.1) IMF bail-outs provide immediate financial relief to countries facing balance of payment crisis to avoid complete economic collapse.

2.2) IMF bail-outs can help countries regain investor confidence, thereby stabilizing the economy in the short-term.

2.3) By stabilizing the economy of a country, IMF bail-outs can improve a country's credit rating and allow it to access international markets.

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2.4) IMF bail-outs can help countries implement necessary austerity measures to reduce fiscal deficits and stabilizing the economy.

3- Factors indicating how IMF bail-outs dentate a country towards economic disaster are:

3.1) The austerity measures imposed by IMF often lead to severe economic hardships for the population.

3.2) IMF conditions may lead to reduced social spending thereby exacerbating poverty and inequality.

3.3) The privatization of state assets under IMF programs leads to unemployment, job losses and reduced public services.

3.4) IMF bail-outs often impose heavy debt burdens thereby captivating countries in a never ending cycle of borrowing and repayment.

3.5) Intervention of IMF in formulating a country's fiscal policies undermines the national sovereignty.

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3.6) ~~IMF bail-outs of countries lead to currency~~

3.6) Since IMF programs focus on short-term economic stability, it significantly hampers a country's long-term economic stabilization.

4- Measures that can be taken to avoid apprehended disasters associated with IMF bail-outs are:

4.1) Strengthening domestic revenue collection systems can reduce dependence on IMF bail-outs for funds.

4.2) Strengthening policies and institutional reforms to curb corruption and enhance transparency may ensure better use of public funds.

4.3) Building up foreign exchange reserves can help countries stabilize currencies and protect them against future financial crisis.

4.4) Diversifying economy and avoiding reliance on a single sector may help reduce countries' over-reliance on IMF bail-outs.

4.5) Strengthening achievement
reduce future

5- Conclusion.

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4.5) Strengthening fiscal policies towards achievement of long-term goals may reduce future reliance on IMF bail-outs

5- Conclusion.

IMF bailouts are financial packages provided by the international monetary fund to countries experiencing severe economic crisis. In spite of providing countries with short-term economic sustainability, these assistance programs often lead the recipient countries to economic disasters. However, countries ~~often~~ ^{seek} the assistance ~~from~~ of these financial packages for certain reasons. First of all, IMF bailouts assist the countries in facing balance of payment crisis to avoid complete collapse of economy. Similarly, these bailouts attract foreign investment to the recipient countries. Also, these financial packages improve a country's credit rating and allow it to access international markets. Despite these advantages, there are certain factors which indicate how these bailouts lead a country towards economic disasters. It is pertinent to note that the austerity measures associated with these packages lead to economic hardships for population. Also, reduced social spending due to these bailouts exacerbate poverty and inequality in the society. Moreover, the privatization of institutions due to conditions imposed by IMF lead to unemployment and job losses. These bailouts captivate countries in heavy debt burdens and

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cost them their economic growth. To add to it, by imposing certain conditions in the formulation of fiscal policies of the recipient country, IMF undermines the national sovereignty of countries. Further, to facilitate short-term economic stability, these packages significantly hamper a country's long-term economic growth. In order to address the foregoing challenges, the borrowing countries need to implement certain measures. First and foremost, developing countries need to strengthen their domestic revenue collection and diversify their export economy to boost their economic growth. In addition to this, borrowing countries need to strengthen policies and introduce institutional reforms to curb corruption and enhance transparency. Also, building up foreign exchange reserves can also stabilize the currency of borrowing nations and protect them against future financial crisis. Thus, in the greater scheme of things it can be safe to ~~assert~~ ascertain that while IMF-bail outs have some advantages, ~~it is~~ its disadvantages ~~exceed~~ ~~the~~ ~~advantages~~ ~~they~~ ~~come~~ with their significant disadvantages which need to be addressed.

First and foremost, IMF bail-outs provide immediate financial relief to countries facing balance of payment crisis.

Foreign aid provided its financial assistance during crisis, a urgent international debt repayments prominent ill financial crisis IMF provided dollars bailout This led the countries to exchange reserve financial obligation asserted that financial assistance to meet their obligations.

Similar help the borrower investor confidence in economy is helped economy. A regard is 1984. The S and other from crisis of 50 billion stabilizing country attract

Foreign aid provides immediate funding through its financial assistance packages to countries facing crisis, allowing them to meet urgent international obligations such as debt repayments and loans. One of the prominent illustrations is Pakistan's financial crisis of 2019. During the crisis, IMF provided the country a 6 billion dollars bailout under the Extended Fund Facility. This led the country to stabilize its foreign exchange reserves and meet its international financial obligations. Thus, it can be asserted that foreign aid's immediate financial assistance help the borrowing countries to meet their necessary financial obligations.

Similarly, foreign aid may help the borrowing countries to regain investor confidence whereby stabilizing their economy in the short-term. Foreign investment is requisite to stabilize a country's economy. A prominent example in this regard is the Peso crisis of Mexico in 1994. The International Monetary Fund, US and other lenders rescued the country from crisis by providing it a package of 50 billion dollars. The aid helped in stabilizing the Peso and enabled the country to manage its debt and attract foreign direct investment. This

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eventually resulted in recovering the economy of Mexico. Therefore, the above case study clearly demonstrates that IMF bailouts can indeed stabilize a country's economy by attracting foreign capital.

Moreover, IMF bailouts can improve the credit rating of borrowing countries and restore their access to international markets. Argentina's case study in this regard is quite remarkable. According to www.imf.org, the country is IMF's largest debtor. In 2018, Argentina lost its access to international markets due to extremely vulnerable economic conditions in the country.

The country's foreign exchange reserves had depreciated. However, by securing an IMF bailout of 57 billion dollars, the country stabilized its economy. It even restored its access to international markets ~~and~~ by stabilizing its foreign exchange reserves and improving the credit rating. For this reason, it can be implied that IMF bailouts improve the credit ratings of borrowing countries and restore their access to international markets.