**The role of International Financial Institutions in development of the developing world- Pakistan a case study**

On December 2019, IMSciences’ book club-*The Page-Turner* arranged a skype talk session with a world renowned economist, author of the famous book “the end of poverty”, UN advisor on Sustainable Development Goals, and director the ‘Earth Institute at Columbia University- Prof Jeffrey David Sachs**.** Prof. Sachs talk was about the role of International Financial Institutions in the development of the developing world- Pakistan a case study.

Though prof. Sachs hasn’t been to Pakistan yet and he admitted for being not an expert of Pakistani economy in particular but he hoped to shed some light on some of the issues Pakistan (or developing countries) is facing currently. AS an advisor to the UN Secretary General on SDGs, Prof. Sachs started his talk on the importance of understanding the 17 SDGs as it would help us better understand the challenges our country is facing and the public policy that can be implemented. According to Prof Sachs, Pakistan at the moment is doing not very well when it comes to SDGs like poverty, malnutrition and sanitation and many other issues, the report that shows the progress of different nations towards SDGs ranks Pakistan 130th among 162 countries.

In Pakistan child health is one of the major issues, a huge amount of children are malnourished , infant mortality is high, education system is outdated and neglected, most children do not complete secondary education, infrastructure is weak, Pakistan is facing most of the challenges of SDGs says prof Sachs.

Sachs approach of public policy is of mixed Economy, which include a private sector that is internationally competent and earning exports in dollars and government that collect enough access and has enough administrative capacity to provide public services. In case of Pakistan both of these sector are extremely weak, private sector is not creating enough exports and not earning much, the government sector is weak when it comes to tax collection, corruption is on peak and less revenues are collected, the public policy of Pakistan is weak as it does not focus on the public services like health and education.

Another problem Prof. Sachs mentioned Pakistan is facing is its relations with the neighboring countries. Trade with India is a necessity for Pakistan. On the other hand Afghanistan is an unstable economy which has inflicted many blows on Pakistan economy. Sachs criticized US Foreign policy to be the reason for this region’s socio-economic instability. On the china questions Prof. Sachs says it is admirable how china is building its infrastructure but the energy projects that china is bringing to Pakistan are very pollutant creating, and also contrary to what Pakistan needs like renewable sources of energy, hydro, solar and wind, but it’s still good initiative to cooperate with china.

One of the major reasons a country has to go to IMF for help is its weak public policy, which is never a good idea, and the blame of this problem lies on the shoulders of the government for their weak policies that don’t create revenues and hence results in fiscal deficit.

Prof. Sachs said Pakistan is facing a lot of injustice in the international community and mentioned a case of *Reko-diq* in the international court against Pakistan which fined Pakistan government to pay $ 6 billion to a mining company, which claimed all the profits of a 40 years deal in Baluchistan for a Project that never took place. Prof, Sachs strongly condemned the verdict and called it stupid and disgusting.

In the Q & A session students asked interesting and important questions related to Pakistan’s economy. On the corruption question by Mr. Sikandar Tangi (moderator) **Prof Sachs** said that he cannot put aside corruption as factor dragging back an economy and included private and public sectors as major reasons for sluggish economic activity, he also put emphasis on military budget and concluded that Pakistan is wasting more in Arms race with India and hence is lacking in other major sectors such as health, education and infrastructure.

On another question about global spending on Military and what should be ideal percentage of national Income to be allocated to Military Prof Sachs said the US has wasted $ 6 trillion on the wars in Iraq and Afghanistan, which is both stupid and naïve. When It comes to military spending a country should spend only 2% to 3% of its national income on military, 6% on education, 5% on health, and 10% on infrastructure but if a country is spending too much on military they are left with small amounts to be allocated to other sectors. Prof Sachssaid that budget miss-allocation could be termed as the culprit behind slowing our economy. He also focused on peace and trade with India and said that it would bring phenomenal dividends for both countries.

According to Prof Sachs a country like Russia who spends huge amount of national Income on their military is shown to be progressing but the reality is that Russia is an Oil Economy, which means most of the Revenues that are collected are from Oil, and then spent on Arms race, the reason behind reports showing Russian progress is because of its foreign policy in middle east not as a result of economic activity.

Prof Sachsmentioned that IMF and other such institution are mainly focused on the financial balance or stability not on poverty or under-development that is the reason IMF reports shows Pakistan a crisis driven economy as improving one.

On the Question of what should be the concrete steps taken by Pakistan toward SDGs Prof Sachs gave 5 initial policy steps.

1. To analyses the reasons dragging our progress in SDGs and then to plan the policy in accordance.
2. Budget Analysis by starting to allocated budget in the right sector by the right policy.
3. To establish peace and trade with India and Afghanistan and cooperate with each other to attain SDGs as both countries are lacking behind because of this conflict.
4. To improve and change certain trade deals with china, like energy projects, roads and industries.
5. Regional policy making toward trade and peace.

In the end **Prof Sachs** concluded that Pakistan government needs a consistent plan of 20 years toward health and education and also infrastructure, due to inconsistency Pakistan lags in achieving its goals,

At the end he concluded by inviting Institute of Management sciences to be a part of Sustainable Development Solutions Network-a network of over 1000 universities conducting research and creating knowledge on finding better solutions towards SDGs. The organizer-Mr. Sikandar Tangi, on behalf of the institute, expressed profound gratitude and sincere thanks to Prof. Sachs for his candid and valuable talk.