



## FINANCIAL CRISIS IN THE MUSLIM WORLD

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### **Abstract**

*The Muslim World's economic situation started to deteriorate in the 2010s due to a number of factors, including rising oil and other commodity prices, increasing domestic political instability, continuous intra-regional wars, stagnating economic and governance changes, and the COVID-19 epidemic. Although real GDP growth had already slowed after the 2008-2009 financial crisis, the COVID-19 shock caused it to turn negative in 2022. Even in oil-exporting countries, fiscal balances have worsened, and state debt has increased significantly. Long-term socio-economic and institutional issues include high unemployment (particularly among young people), inadequate education, low female labour-market participation, costly and ineffective public sectors, high energy subsidies, excessive military and security spending, and trade protectionism. These problems can't be solved without extensive, long-term reform programmes. The European Union is one of the two greatest sources of FDI and a major assistance provider to the Muslim World, behind only the Muslim World itself. Given the region's critical importance to the EU's security and stability, the EU's participation in conflict resolution and in helping economic and political growth in the Muslim World area is now*

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*insufficient and should be increased. The European Union should revise and improve the free trade rules of the association agreements it has already signed with the nations of the Eastern and Southern Mediterranean and South Asia. Afghanistan, Turkey, Tunisia, Pakistan, and Saudi Arabia are among the Muslim World nations that are examined in detail in this research on the financial crisis.*

**Keywords:** Muslim World, FDI, COVID-19, Financial Crisis, GDP.

### **Introduction**

At the beginning of the 2010s, there were high hopes that the Muslim World, which had long been plagued by massive human rights violations, dysfunctional socio-economic systems and political authoritarianism, would begin the process of democratisation and undergo an inclusive economic transformation. The term "Arab Spring" refers to a wave of public demonstrations that began in Tunisia in December 2010 and swiftly expanded to other countries in the region, including Egypt, Yemen, Bahrain, Libya, and Syria. A comparable uprising of the people, known as the Green Movement, broke out in Iran about a year and a half earlier, in the middle of 2009. In 2003, the United States led a military invasion of Iraq that ultimately toppled Saddam Hussein's deadly regime. This created an opening in the political system that might be used to build something more democratic and less authoritarian. It's quite disappointing that these anticipations have not been fulfilled. The only country that might be considered a political transition success story a decade later is Tunisia, and that's not necessarily because of the country's economy or its democratic credentials, but because of the fact that other countries have reverted to harsh, undemocratic authoritarian governments. All of the MENA nations that are still in existence are classified as "not free." In 2018 and 2019, public movements in Algeria and Sudan resulted in the departure of long-ruling dictators. However, these protests have not yet brought noticeable progress toward democratisation. Protracted violent conflicts have persisted as a result of the failure of peaceful political transitions at the beginning of the 2010s and the military engagement of key players such as Iran, Russia, Turkey, Saudi Arabia, the UAE, Egypt, Qatar, the USA, the UK and France. As a direct consequence of this, Syria, Libya, and Yemen are examples of failed states. (Achour, Souici & Alnahari, 2021)

On the other hand, Afghanistan and Pakistan are in the middle of political and economic turmoil. Afghanistan has been facing economic sanctions since the Taliban took over the country right after the withdrawal of the coalition forces of NATO. The United States not only has imposed sanctions on the Taliban regime but also froze its assets, which further



escalated the economic meltdown of the country. Afghanistan's neighbour Pakistan has been caught up in a similar sort of situation of the political and economic fiasco. Since the ouster of Imran Khan's government, the economic condition of the country went south as the prices of commodities hiked in a matter of days. The fact that political regimes are authoritarian in character further raises the possibility that violence and conflicts may spread to neighbouring countries. In addition to having a negative effect on the region's economy (in particular, transportation, intra-regional trade, tourism, transit, and the influx of foreign investment), the region's political instability and numerous conflicts have negative security, economic, and social spillovers, especially in Europe. In other words, the region's political instability and numerous conflicts have a negative impact on economic development. These kinds of spillovers can take many forms, such as the "exportation" of political extremism and terrorism, the recurrence of waves of irregular migration, political refugees and the threat to uninterrupted supply of fuels. (Saiti, Dembele & Bulut, 2021)

### ***Afghanistan***

A complicated economic crisis was set off by the political events of August 15, 2021. The following factors contributed to this crisis:

- a) The end of aid, which had been equal to 45 per cent of GDP, led to a sharp cut in government spending, which caused demand to drop. Overall government spending is predicted to have decreased by almost 60% as a result.
- b) Major issues with formerly internationally-supported fundamental services including healthcare and education.
- c) This huge trade gap, amounting to nearly 30 per cent of GDP, was previously being financed by foreign aid in the form of hard money.
- d) The central bank won't be able to use its overseas assets, which are worth about \$9.2 billion.
- e) End of foreign payments through correspondent banks due to AML/CFT regulations. As a result, it becomes more challenging for companies to import goods and receive payments for exports, interrupts the flow of remittances, and prevents international humanitarian and non-governmental organisations (NGOs) from paying wages or contractors in Afghanistan.
- f) Liquidity in the financial system dried up as the central bank ran out of Afghani and US dollar banknotes, making it more difficult for individuals and companies to withdraw their savings and payday loans from commercial banks.



- g) Rapid drops in investors' confidence because fear and uncertainty are everywhere.
- h) As a result of new regulations that made it more difficult for women to work in the commercial and public sectors, Afghanistan has suffered a loss of human capital.

Production is expected to have dropped by more than one-third in the last four months of 2021 compared to the same time in 2020. In December, headline inflation reached 12.7% year-over-year, with food price inflation reaching 17.7%. This was because of depreciation, rising international prices, and import restrictions caused by problems with international transactions. Over the second half of 2021, compared to the same time in 2020, imports fell by 47 per cent.

The financial sector is still in trouble because the central bank and banks aren't doing their main jobs. In a quick survey of the private sector done by the World Bank at the end of 2021, 81 per cent of the companies that answered said it was hard to send or receive payments within the country, and 95 per cent said it was hard to deal with payments from other countries. Around 85% of NGOs say that not being able to transfer money from other countries and having limited access to cash are major problems for their work. Because it is hard for Afghan businesses to send and receive payments, they are using informal financial services like the hawala system more and more.

The ITA moved quickly to get back to collecting taxes, and tax collection has been steadily getting better. The average amount collected each month from January to March was Afs 13 billion, which was a little more than the average amount collected each month in the first quarter of 2020. But without on-budget grants, spending on the budget has dropped sharply. The overall annualised expenditures in the interim budget for the ITA, authorised in January 2022, are 34% lower than in 2019. Because of reductions in spending on defence (50%) and public safety (34%), while spending on education and healthcare was maintained. The development budget was drastically reduced. It is likely that real expenditure was far less than what was planned because of lower-than-anticipated revenues and an outstanding deficit. Most people's standard of living has significantly declined as a result of dropping earnings and rising costs. Seventy per cent of Afghan families lacked the resources to cover their most basic food and non-food requirements when the World Bank conducted its most recent Afghanistan Welfare Monitoring Survey (AWMS) from October to December 2021. Due to the severity of the economic climate, many people have turned to unhealthy coping mechanisms, such as taking out loans at exorbitant interest rates, depleting their savings, and investing less in their own human capital. Since most Afghans are very young, this will have long-term effects.



Large amounts of humanitarian supplies in kind and USD cash came in through humanitarian channels at the end of 2021 and the beginning of 2022. This helped some economic stability. Cash inflows have made a big difference by:

i) increasing the amount of USD in the economy, which has made the exchange rate go up.

ii) Giving a boost to demand by paying humanitarian workers and suppliers in the area.

iii) More basic household goods on the market, which causes prices to go down. Some services are now available again after being cut off at first. This is because

- the international community worked to get United Nations (UN) agencies to start funding health facilities again.
- Making good use of cash shipments to get around problems in the financial sector.
- Made the country safer in most places.
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The economic outlook for Afghanistan is not good. No matter what happens, Afghanistan will have a smaller economy, much higher poverty rates, and fewer jobs for the 600,000 Afghans who reach working age every year. When there are big problems with basic services and more people are living in poverty, human development is likely to get worse. The Russian invasion of Ukraine, the war, and the sanctions that followed could make things worse by driving up the prices of imported food and fuel. ("Overview," 2021)

### ***Turkey***

In 2018, Turkey's economic model of high investment and rising foreign debt collapsed, and the country faced a potential economic disaster. The Turkish currency lost value when inflation topped 25% in November. The Turkish currency dropped by 20% after President Trump imposed tariffs on Turkish steel and aluminium imports in August of 2018. The Turkish Central Bank hiked interest rates from 13.5% to 16.5% in May and from there to 24.0% in September in response to high inflation. Turkey's president argued that a higher interest rate would slow economic growth and fuel price hikes, therefore the increase was rejected. In order to get interest rates down, Erdoan put pressure on CBRT governor Murat Cetinkaya. Unfortunately for Erdoan, Cetinkaya didn't, and he was forced to resign in July of 2019. Maintaining a 24 per cent interest rate has been beneficial to the Turkish economy. Murat Uysal was CBRT governor from 2019 to 2020. In recent years, the Turkish central bank's governors have been replaced many times, demonstrating the bank's politicisation. However, it should be government-free.



Turkey's president supports low interest rates to help the economy. High interest rates hamper economic development and create inflation, he argues. True theses? First, sure. Commercial banks may reduce their borrowing to maintain their minimum reserve when the central bank rises interest rates, resulting in higher interest rates for borrowers. Because of this, business borrowing costs rise and fewer businesses borrow money. Reduced investment dampens economic expansion. Erdoan again makes the unfounded claim that increased interest rates will lead to higher prices. When loan rates rise, borrowers and consumers alike cut back on their spending, which drives down overall inflation. The majority of the economics community has been critical of Turkey's unconventional approach to monetary policy. Having worked as a businessman in the food industry, "The Washington Post" suggests that Erdoan's attitude to high interest rates is grounded in reality. Loans are used by many Turkish businesses for working capital. To paraphrase Erdoan, when interest rates go up, businesses have to pay more for loans, and those costs eventually trickle down to consumers. Economists are divided on whether or not interest rates constitute a sizable portion of business costs and whether or not manufacturers have adequate pricing power to exert market dominance.

In 2019, Turkey's tourism income was \$34 billion. Lower oil prices have lowered transportation expenses. A number of positive global developments, including the United States' accommodative monetary policy and falling commodity prices, have helped to maintain stability. Inflation was lowered because to the high CBRT interest rate of 24 per cent in September 2018. The CBRT started gradually decreasing the interest rate in the second part of the following year, and by 2020, it had dropped below 10%. In spite of the economy's improvement, meaningful changes have not been implemented, and the strategy of encouraging investment in order to raise foreign debt has been reinstated. By the end of 2019 and beginning of 2020, Turkey has \$440 billion in total external debt and \$80 billion in reserves. The situation worsened in early 2020. The CBRT gradually decreased interest rates to boost economic development by maintaining consumption and investment high, leading to increased inflation. The COVID-19 epidemic also hurt the Turkish economy, although it grew 1.8% in 2020. The government protected the Turkish lira to prevent insolvency. Expanding foreign exchange with China and Qatar rescued Turkey. The world economy and CBRT's problematic monetary policies exacerbated Turkey's economic problems in 2021. Global supply chain bottlenecks and price hikes have also hurt Turkey. Despite strong inflation, the CBRT slashed interest rates from 19% to 14% between September and December. It boosted GDP, boosted inflation, and devalued the Turkish lira. Compared to the previous month, inflation in Turkey surged from 21.31 per cent in November 2021 to 36.08 per cent in December 2021. In fact, this is the highest level since September of 2002. The categories with the highest percentage increases were food and non-alcoholic beverages (43.8%), housing and utilities (28.57%), transportation

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(53.66%), furniture and appliances (40.95%), eating out (40.85%), and clothing and footwear (40.85%).

The national currency depreciated sharply at year's conclusion. Starting at TRY 6.7 in January, the exchange rate for \$1 jumped to TRY 18.6 by the middle of December. The Turkish currency depreciated by more than 40 per cent against the dollar in 2021. In comparison to the US dollar, the Turkish lira has lost 72 per cent of its value over the past five years, and 86 per cent over the past decade. The Turkish lira's decline poses a risk to the country's already fragile banking system, which is highly leveraged. When the currency is weak, some segments of the industry must import more expensive components. Depreciation of the Turkish currency fuels inflation in consumer products and reduces social prosperity, as seen in rising food costs. The Turkish economy depends on expensive imports of livestock, fertilisers, and metals. (Warsaw Institute, 2022)

### ***Tunisia***

The prognosis for Tunisia's economy continues to be fraught with significant uncertainty. The recovery of the economy in 2021 was not very robust. Due to increased fiscal deficits and financing requirements, worries over the sustainability of the debt continued at a high level. Because Tunisia is a net importer of oil and grains, the country is susceptible to surges in the world pricing of commodities as a result of the fallout from the conflict in Ukraine. The prompt implementation of structural changes is going to be necessary if we want to hasten the economic recovery and maintain macroeconomic stability.

The effective containment of the COVID-19 pandemic beginning in the second semester and greater immunisation allowed for the relaxation of mobility restrictions across the country, which led to the predicted 2.9 per cent growth in GDP in 2021. The GDP is expected to drop by 9.2 per cent in 2020, which will be the highest rate of decline in the MENA region. The economic comeback was quite moderate given this. The relative reliance of the economy on tourism, the limited budgetary space, and the challenging business climate, including limitations on investments and competition, are key contributors to the minimal recovery that has taken place. The outcomes of the labour market remained restricted. The already alarmingly high unemployment rate reached 18.4 per cent by the third quarter of 2021, and there was also a minor decline in the number of those actively looking for work. The percentage of unemployment is especially high among young people, women, and people living in western regions of the country.

It is anticipated that Tunisia's GDP would expand by 3.0 per cent in 2022, bolstered by a gradual recovery occurring around the globe following the epidemic. At this rate,

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production would not be able to catch up to where it was before the outbreak in 2019. Dragged down by pre-existing structural challenges as well as the economic consequences of the war in Ukraine and associated sanctions, growth is expected to eventually gain ground, but it is expected to remain modest at around 3.5 per cent a year over the medium term. This is because of the uncertainty surrounding the war in Ukraine and the associated sanctions. Using a line that corresponds to US\$3.2, the poverty rate is projected to reach 3.4 per cent in the year 2022 and 3.1 per cent in the year 2023. (2011 PPP). It is estimated that the number of poor and vulnerable people living below the line of US\$5.5 (2011 PPP) will decrease from 18.9 per cent in 2022 to 17.7 per cent in 2023; nevertheless, it is not likely to return to the levels it was at before the crisis until 2024. (World Bank Group, 2022)

### ***Pakistan***

Pakistan's economy got back on its feet quickly and grew by 5.6% in FY21 because the government took steps to reduce the negative social and economic effects of the COVID-19 pandemic. (The World Bank, 2022) But because of the political turmoil in April 2022, Pakistan has a new government as of April 11, 2022. Imran Khan was removed from office by a vote of no confidence. From March 8, when the motion was filed, until April 10, when the vote was taken, there was a lot of drama and mystery. There is a political and economic crisis in the country right now. Shahbaz Sharif's new government has been stuck and hasn't been able to make decisions. Meanwhile, the former prime minister is leading protests all over the country to undermine the legitimacy of the government and call for new elections. In the same way, Pakistan is also going through a very bad weather emergency. Pakistan has been in the middle of a very hot spell for weeks, and political tensions are also rising. According to the World Bank's Pakistan Development Update, the pace of economic activity stayed the same from July to December 2021. However, strong demand pressures and rising global commodity prices led to double-digit inflation and a big rise in the import bill. The rupee has gone down because of these things. A long-term recovery is also at risk because of problems with the economy's core, such as poor investment, low exports, and low productivity growth. The poverty rate, as measured by the lower middle-income class poverty line of \$3.20 Purchasing Power Parity 2011 per day, went down from 37 per cent in FY20 to 34 per cent in FY21. This was because the economy got better and the job market got better. But rising food and energy prices are likely to make it harder for people to buy things. This will hurt poor and vulnerable families the most, since they spend more of their money on these things. (Afzal, 2022)

According to Najy Benhassine, World Bank Country Director for Pakistan, Pakistan's economic recovery from the COVID-19 crisis demonstrates the country's "enormous

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potential" to withstand hardship. A "sustained economic recovery" requires fixing the economy's underlying problems and boosting private investment, exports, and productivity. Due to strong base effects and recent monetary tightening, real GDP growth is expected to decelerate to 4.3% in FY22 and 3.9% in FY23. Assuming swift implementation of structural measures to maintain fiscal sustainability and macroeconomic stability and a reduction in global inflationary pressures, growth is expected to gradually go up to 4.2% in FY24. The dangers to the macroeconomy, however, are still substantial. There is a chance that strong COVID-19-related movement restrictions might resurface, and global funding conditions could tighten even further. Long-lasting macroeconomic imbalances can also be triggered by domestic factors including political unpredictability and stalled policy reform efforts. (World Bank Group, 2022)

Zehra Aslam, the report's primary author, argues that the government should prioritise controlling the budget deficit at a level that assures closely coordinating fiscal and monetary policy, debt sustainability and keeping exchange rate flexibility intact in order to address pressing macroeconomic concerns. (World Bank Group, 2022)

### ***Saudi Arabia***

Saudi Arabia's economy is feeling the pinch from low oil prices and the global COVID-19 epidemic. The value of oil has decreased even lower as a result of COVID-19, and Saudi Arabia's attempts to diversify its economy have been impeded as a result. The current dynamics are putting the rentier state's viability to the test, which has resulted in the implementation of unprecedented austerity measures. Vision of Crown Prince Mohammed bin Salman for transforming the Saudi Arabian kingdom, known as Saudi Vision 2030, has been put on hold, and its original shape may never be restored. However, the Saudi economy may benefit in the long run if the current crisis prompts a rethinking of its policies and the introduction of certain reforms. As Saudi Arabia begins to recover from these difficulties, the government will face difficult choices. Those choices, however difficult to implement under normal conditions, are essential right now. (Winder, 2020)

As of the end of March, Saudi Arabia's net foreign assets had dropped to \$464 billion, the lowest level in 19 years. The debt limit was raised by the Ministry of Finance from 30% of GDP to 50% of GDP. The first quarter of 2020 saw a 25% decrease in net profits for Saudi Aramco, the largest public firm in the world. With the present price of oil, the IMF estimates that Saudi Arabia would need to see a price of \$76 per barrel in order to break even. The safety of the millions of pilgrims expected to descend on Medina and Mecca in July is a major issue. Approximately 20% of the non-oil GDP of a country may be attributed to visitors there for religious purposes. (Cochrane, 2020)

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In light of the severe budget deficit, the government has implemented a number of measures to reduce expenditure and increase taxes on the general populace. Relatively recent proclamations include raising the value-added tax to 20 per cent and eliminating a cost-of-living adjustment for government workers. A committee has been established to examine the remuneration of workers and contractors who are not part of the normal public service in order to assist the government in meeting its target of lowering spending by over \$26 billion. These steps show how serious the situation is and how the perks Saudis have grown used to may be threatened. (Cochrane, 2020)

As austerity restrictions take effect in Saudi Arabia, modifications are being made to the highly expensive Vision 2030 plan. Even under more favourable conditions, the growth plan consists of some extremely lofty objectives. There is currently a high danger of postponement or cancellation of Vision-related projects across several industries, including construction, travel, and entertainment. The Crown Prince, who has only been in the public eye for a few years but is already widely regarded as the face of the country, has placed a large wager on the success of the Vision. However, the current economic climate makes it challenging to perform such costly initiatives. The \$500 billion mega-city NEOM from the Vision, which would be 33 times larger than New York City, might no longer be feasible, but that might not be a bad thing. (Winder, 2020)

The Saudis, like their fellow GCC members, are trying to develop the private sector and lessen their reliance on oil revenues. According to the International Monetary Fund, oil accounts for about 80% of Saudi Arabia's exports and more than 40% of GDP. In a region with a history of bloated public sectors, it is crucial to promote an innovative and competitive business climate. In this respect, Saudi Arabia has made strides. Doing Business 2020, a World Bank study highlights nations that have made progress in enacting and enforcing policies that are conducive to business growth; Saudi Arabia is among them. General Dynamics, a global leader in the military sector, was among the several international firms that complained to the Saudi government in 2019 about being paid late. The government's already tenuous reputation may take another hit if it has trouble paying its contractors during the epidemic. COVID-19 is having a devastating effect on the private sector, with many small and medium-sized businesses having to close or relying on government help, as has been seen across the world. By creating new economic zones, attracting more foreign direct investment, and selling off government holdings, Saudi Arabia hopes to diversify its economy and expand its private sector. They will likely have to hold off until the national budget is more stable. (Cochrane, 2020)



Since the Saudi economy faces so many obstacles, there are a few necessary conditions for its revival and further development. Discipline, a willingness to break with long-held conventions, and the ability to make tough, short-term decisions will all be required of the government. The Saudis can be decisive and revitalise stagnant parts of their economy during this reform-driven moment. When the private sector's potential is refocused and young people are given more job possibilities, the economy may recover. Using smartphone applications, government service websites, and e-commerce, the monarchy may make use of recent advancements in the digital world to help it cope with the epidemic. (Winder, 2020)

This is an opportunity to reform Saudi Vision 2030 into a more feasible, scaled-down version. While goals like building a megacity or making Saudi Arabia the Middle East's top tourist destination are not intrinsically bad, the current financial crisis does provide an opportunity to reevaluate the tradeoffs between addressing immediate needs and moving forward with Vision 2030. In addition, COVID-19 is leading to a shift in perspectives on the topic of hiring international employees. Millions of foreign workers, both skilled and unskilled, have been essential to the economies of Saudi Arabia and the other Gulf Cooperation Council (GCC) countries. Because the epidemic has kept most of the workforce inert, now is a perfect opportunity to readjust foreign employees' ratio to Saudi citizens and boost the 'Saudization' of the economy. (Cochrane, 2020)

### **Policy Recommendations by Major Financial Institutions**

The International Monetary Fund (IMF) has been criticised for failing to act more aggressively, at least initially, and for failing to predict the severity of the financial crisis. As the crisis deepened, the IMF took a more active role in stabilising the global economy. Over a lengthy period of time, few states had requested credit help, and as a result, the total amount of unpaid credits had dropped to an all-time low. Several nations sought assistance from the IMF in October of 2018. There was an abrupt concern about whether or not the IMF could handle a flood of requests for huge loans in the midst of the current financial crisis. At the same time, this reversal in requests to the IMF posed a barrier to its ability to swiftly and fully revise its loan instruments. As part of this process, we looked into the terms under which loans are provided, which are often the target of criticism. When the industrialised nations hit by the crisis were advised to implement huge stimulus programmes, the developing countries accused the IMF of double standards because of the severe conditions in which they had previously operated. Finally, the poor nations demanded that the IMF accelerate reforms on voting rights and other issues of governance. Developing nations and NGOs are not happy with the pace or depth of IMF changes. The IMF is legally obligated to conduct quota reform and the associated modification of voting

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rights by January 2011. The emerging nations are seeking a 7% increase in their voting power to establish a new majority. The United States' obstructive minority should be eliminated as well. It is true that in 2019 the IMF engaged in substantial interaction with civil society, which led to an event in Istanbul before the annual conference and the publication of a civil society report (New Rules 2019). (Gurtner, 2010)

The World Bank immediately rose to prominence as one of the key voices assisting developing nations in navigating the global financial crisis. It quickly became apparent that the poorest nations, whose resources were already limited due to the food and energy problems, had little they could do to assist on their own. The World Bank provided the development committee with two papers (Development Committee 2019, 2019a) during the annual conference in Istanbul that outlined the primary components of its crisis management strategy. As a result, the World Bank Group's overall loan rose by 54% in 2019 over the previous year, reaching nearly USD 60 billion. An effort was made to immediately create employment and strengthen the economy as a whole by investing one-third of this money in infrastructure projects. The direct aid to the private sector provided by the World Bank, International Finance Corporation, and Multilateral Investment Guarantee Agency (MIGA) subsidiaries has also increased. They extended credit, invested capital, and provided collateral for borrowers. This is significant because large multinational banks were making it tougher for small enterprises in developing nations to get trade credits and bank guarantees. Trade loans from the International Bank for Reconstruction and Development accounted for around 33 billion USD of the entire 60 billion USD package, with most of it going to middle-income nations (IBRD). The World Bank predicts further expansion over the next five years. The World Bank's capital base is insufficient to meet funding needs at this time. For one thing, it raised interest rates on loans. However, it necessitated significantly more funds from the global capital markets. (Gurtner, 2010)

## **Conclusion**

Because of the enormous government and issuing banks refinancing plans and the vast economic stimulation measures, there is a long-term risk of significant budget deficits and increased public debt, particularly in industrialised nations. Public and political discourse centres on finding solutions to this problem. Changes in positions of authority and influence can be attributed in part to the recent economic and financial turmoil. There is no turning back the rise of the Muslim world. More sway is being demanded from the bigger threshold nations. There will soon be fresh hostilities. The International Monetary Fund is once again relevant and influential. For the same reason, the bigger threshold nations have taken an unyielding stance. Naturally, they also view the IMF, and not the UN, as the place



where disagreements on international economic matters may be settled. The Muslim world, in particular, should make the most of the opportunities presented by the post-Covid period. They hope to use their clout to usher in a new international monetary system. Many of the world's smaller and weaker states remain devoted to the United Nations despite the fact that they have had relatively little success there. In other words, industrialised nations are not helpless. The agenda of international debates is still marked by the priorities of wealthy nations. You can see this in action in the discussions surrounding debt and political corruption, as well as in the depreciation of national currencies across the Muslim world.



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