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Examining and Explaining the Role and Function of the International Monetary Fund in Achieving Sustainable Development Goals

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Achieving development has been one of the primary concerns of developing countries and a key demand from the international community. One of the organizations addressing this issue is the International Monetary Fund (IMF). This organization operates to achieve sustainable growth and welfare for all countries. The present study aims to examine and explain the role and function of the IMF in achieving the Sustainable Development Goals (SDGs). Using descriptive, analytical, and comparative methods, this research seeks to answer the question of how the IMF's comparative study should be considered to achieve the SDGs and to what extent it can be utilized for this purpose. The findings indicate that the IMF's focus on objectives such as sustainable growth and welfare aligns its role and function with institutions that support the SDGs. However, its functions in achieving the SDGs are limited to specific areas. The IMF, along with the World Bank, holds a unique position in the global community due to its ability to directly influence the policy environment of developing countries.

Keywords: *International Monetary Fund, development, sustainable development, international community, sustainable welfare*

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1. Introduction

Achieving development is one of the primary concerns of developing countries and a key demand from the international community. Despite extensive efforts by these countries and those with even lower levels of development, no international treaty has yet been drafted on this issue. However, various non-binding documents, both at the international and regional levels, have been adopted to provide goals and guiding principles for achieving development. Generally, efforts in this regard can be observed along two paths.

One path presents development as a right, introducing the concept of the "right to development" as a third-generation human right, thereby raising specific demands (Sadeghi et al., 2022; Shandra, 2024). Parallel to this, another path pursued by the international community centers on the concept of "sustainable development." Key documents related to this path include the Rio Declaration, the Millennium Development Goals (MDGs), the 2030 Agenda for Sustainable Development at the international level, and the African Agenda 2063 at the regional level (Jafari, 2021). The latter document establishes a framework to guide Africa's development over the next fifty years.

The 2030 Agenda and the Sustainable Development Goals (SDGs) have been heavily influenced by the "Common African Position" regarding the "Post-2015 Development Agenda" (Ebrahiminejad, 2016). The goals outlined in the 2030 Agenda, which can be seen as an evolved version of the MDGs incorporating the concerns of African countries, focus on human rights, economics, and the environment. The United Nations' 2030 Agenda for Sustainable Development identifies 17 goals in total, serving as a roadmap for achieving a better and more sustainable future for all (Bastani, 2019; Bastani & Jabal Ameli, 2016).

The 2030 Agenda defines objectives to realize these goals, with states striving to achieve them between 2015 and 2030. Sustainable development necessitates fulfilling basic needs for all while providing opportunities for everyone to pursue their aspirations for a better world. Achieving basic needs requires those in more affluent positions to adopt different lifestyles, particularly in areas such as energy use (Golriz, 2021).

Specifically, sustainable development involves organizing society in a way that ensures its long-term viability. This entails considering present needs while also attending to future necessities, such as environmental preservation, natural resource conservation, and economic and social equity (Bordo & James, 2020).

Sustainable development is defined as meeting present needs while considering the capacities of future generations, ensuring a balance among economic growth, environmental protection, and social welfare. Thus, sustainable development includes the following components:

1. **Scope**: Sustainable development encompasses economic growth, the environment, and social welfare.
2. **Community**: It addresses the needs of both present and future generations without limit.
3. **Methodology**: Sustainable development employs all possible tools, including new technologies, innovative perspectives, and lifestyle changes.
4. **Objective**: Its goal is to create balance.

Achieving sustainable development requires the convergence of all influential institutions, including governments, international organizations, and private companies. While governments establish general policies in this regard through laws, regulations, plans, and programs, other institutions contribute based on their mandates and areas of activity (Broome, 2022).

Organizations can influence sustainable development in one of four ways:

1. Those whose activities positively contribute to achieving the goal.
2. Those with a neutral effect.
3. Those whose activities undermine achieving the goal.
4. Those whose activities can either support or hinder the goal, depending on their coordinated policies.

Monetary and financial institutions fall into the last category. These organizations influence the financial aspects of government policies, and since achieving any national goal requires financial resources, they can affect domestic priorities and policies by shaping the financial dimensions of governance programs and projects.

Among these institutions is the International Monetary Fund (IMF). The IMF operates to achieve sustainable growth and welfare for all countries. It does so by supporting economic policies that promote financial stability and monetary cooperation, which are fundamental for increasing production, creating jobs, and fostering economic welfare. This role highlights the IMF as a significant actor in achieving the SDGs (Jafari, 2021).

The IMF has committed itself to these goals and supports its member states in implementing policies related to financial stability, inclusive and sustainable economic growth. Examples of the IMF's actions include expanding financial support for low-income developing countries and providing financial assistance to many such countries to address the economic impacts of COVID-19. This study examines the IMF's goals, policies, and programs in general and its policies specifically related to sustainable development to analyze the role and function of this institution in achieving the SDGs.

2. Theoretical Foundations and Research Background

The first issue to consider in understanding sustainable development is grasping the concepts associated with this phenomenon. Since sustainable development aligns with the "right to development" in the international system and has evolved along this trajectory, there is a close relationship between these two concepts. Therefore, in understanding sustainable development, the concept of development itself becomes essential.

Accordingly, this section examines the concepts of development and sustainable development.

2.1. *The Concept of Development*

Development has consistently been a major concern for developing countries. Its content spans various dimensions and has evolved over time (Areyafard, 2022). Despite this, these countries have not succeeded in aligning developed nations to draft a binding international document on this subject. As a result, there is no definition of development within international law. Under these circumstances, two approaches can be considered to understand the concept of development: resorting to the literal meaning of the term and analyzing it within the framework of non-binding international documents, also known as "soft law." According to Article 31 of the Vienna Convention on the Law of Treaties, a treaty must be interpreted in good faith in accordance with the ordinary meaning given to its terms in their context and in light of its object and purpose (Carvalho, 2022). While no international treaty has been drafted specifically on development, numerous non-binding documents can provide insights into its meaning. At the same time, development is often justified and defined within the context of domestic legal systems based on local priorities and concerns. Hence, understanding this concept necessitates addressing three primary dimensions: the ordinary meaning of development, the insights from non-binding international documents, and the definitions provided by domestic legal systems.

In legal dictionaries, development is described as expanding, broadening, progressing, and advancing. Similarly, *Dehkhoda Dictionary* defines it as expansion, extending, improvement, or facilitating a comfortable life (Einanlo, 2019). Development is a concept that identifies a specific goal and envisions a process for achieving it. Consequently, its meaning can vary depending on its purpose and subject.

From an economic perspective, development can signify the improvement of a society's economic and social conditions. This may include the systematic management of natural and human resources to create wealth and enhance the quality of life or the systematic application of knowledge and technical sciences to achieve specific objectives, such as land improvement, road construction, or access to water and electricity (Abedi, 2018).

When development is human-centric, it revolves around human rights as the main subject, requiring individuals to actively benefit from and contribute to their right to development. In this view, development becomes a comprehensive process encompassing economic, social, cultural, and political dimensions, aimed at the continuous improvement of the well-being of populations and individuals, as well as the enhancement of human dignity and the promotion of fundamental rights and freedoms for all, without discrimination based on race, gender, language, religion, etc. (Askari & Vakil, 2016).

Thus, development is a process through which a subject experiences advancement, either quantitatively or qualitatively. If the subject is an industry, its quantitative and qualitative improvements constitute development. When the subject is a human being, improvements in their quality of life and well-being signify development.

Although development has not been included as a binding international obligation, efforts have been made to bring it to the forefront. In the early years of the United Nations, development was pursued through technical assistance and the work of specialized agencies. In 1958, the General Assembly established the first specialized development fund (Firozi Mandi, 2016). Part of Resolution 1219, which established this fund, states: "The General Assembly, in accordance with the objectives of the United Nations as outlined in the Charter, for social progress and better standards of living in wider freedom, and for this purpose, using international mechanisms to promote economic and social progress for all people… [decides to] establish a special fund to provide systematic and sustained assistance in areas essential for economic and social development in the least developed countries."

The United Nations' development efforts were organized through "Development Decades," beginning with the first (1960–1970), followed by the second (1971–1980) and third (1981–1990) decades. Subsequent advancements led to the focus on human development in the late 20th century, the Millennium Development Goals (2000–2015), and ultimately the Sustainable Development Goals (2015–2030) (Chwieroth, 2018).

2.2. The Concept of Sustainable Development

Development entails transitioning from the current state to a desired state in cultural, social, political, and economic spheres. Today, sustainable development has become a critical global issue, and the associated concepts and themes are continuously evolving (Bastani, 2019).

Sustainable development refers to development that possesses the characteristic of sustainability, meaning it is neither temporary nor fragmented. Several aspects must be considered when analyzing sustainable development:

1. **Subject**: The subject of sustainable development may include human beings, the economy, industry, the environment, technology, sciences, etc. For instance, this includes concepts such as sustainable economic development, sustainable environmental development, and sustainable human development (Zamani & Esmaeilpour, 2020).
2. **Goals**: These goals may relate to improving conditions in specific areas. For example, in the context of human development, measures such as empowerment, improving living conditions, and addressing barriers to underdevelopment are emphasized.
3. **Processes**: Sustainable development involves methods and approaches that balance advancement with minimal environmental harm and the restoration of ecosystems.

In sustainable environmental development, activities that minimally damage the environment while implementing strategies to repair ecological damage are prioritized. In sustainable economic development, approaches such as reforming production and consumption patterns and utilizing advanced technologies to create new industries or improve existing ones are highlighted. Some strategies are common across different types of sustainable development (Ali Ahmadi et al., 2018).

3. The United Nations Economic and Social Council (ECOSOC)

The United Nations Economic and Social Council (ECOSOC) should be considered the central entity for development-related activities. ECOSOC connects with the diverse members of the United Nations family dedicated to sustainable development, providing overall coordination and guidance. These members include regional economic and social commissions, executive commissions facilitating international discussions on major global issues, and specialized agencies, programs, and funds working worldwide to translate development commitments into real changes in human lives. Reforms over the past decade, particularly through Resolution 1/68, have strengthened ECOSOC's guiding role in identifying challenges, promoting initiatives, and achieving balanced integration among the three pillars of sustainable development: environmental, economic, and social (Rezaei et al., 2019).

Under the relevant provisions of the UN Charter, ECOSOC must enhance its role as the central mechanism for coordinating activities among United Nations bodies and specialized agencies and for overseeing subsidiary bodies in the economic, social, environmental, and related fields. ECOSOC must provide overall guidance and coordination for the outcomes of major international summits and conferences in these fields. The Council's work processes should be guided by principles of inclusivity, hierarchy, and avoiding redundancy between its reviews and the outcomes of high-level summits and conferences on sustainable development. Additionally, ECOSOC must review the reports of intergovernmental and inter-agency mechanisms to coordinate their efforts and recommend methods to enhance the effectiveness, accountability, and feedback of these institutions while complementing their roles in advancing shared objectives (Sadeghi et al., 2022).

One notable aspect of this framework is the General Assembly's request for ECOSOC to "encourage the active participation of influential groups, non-governmental organizations (NGOs), other relevant actors, and regional organizations in the activities of the Council, regional commissions, and their implementation processes, as stipulated in their procedural rules and in Resolution 290/67 of the General Assembly. This particularly applies to the sessions of the high-level political forum on sustainable development held under the auspices of the Council" (Mohammadi Raisi et al., 2019).

Measures have also been adopted to ensure sufficient institutional focus on the needs of small island developing states, youth participation in various Council sectors, and collaboration with relevant UN offices and intergovernmental bodies, such as the Peacebuilding Commission, to maximize the effectiveness of their actions. These measures were outlined in General Assembly Resolution 1/68 to strengthen ECOSOC's role in sustainable development activities (Shahchera & Jozdani, 2018).

ECOSOC also holds annual high-level segments, including the "High-Level Political Forum" (HLPF) and the "Development Cooperation Forum" (DCF). The HLPF provides political leadership, direction, and recommendations for sustainable development and monitors progress in implementing related commitments. The DCF reviews trends and progress in development cooperation. Other segments of the Council include the integration segment, the humanitarian affairs segment, the operational activities for development segment, the coordination and management meetings, the youth forum, the partnership forum, and special meetings (Mukhtarpour, 2021).

Significant efforts have been made by the international community to advance knowledge and policymaking regarding socio-economic issues. The transition toward sustainable development goals (SDGs) has introduced targeted analyses when reviewing financial access, financial innovation, and microfinance as resilience policies for empowering vulnerable groups. Nevertheless, further efforts on environmental and governance issues seem necessary. Increasing importance has been attributed to financial access, microfinance, and innovative financial tools. While the economic and social components are largely covered by SDG targets related to financial access and microfinance, the environmental and institutional dimensions have not received sufficient attention (Naghizadeh, 2018).

The results highlight key policy issues, strengths, limitations, and warnings. Among these, the roles of environmental sustainability and governance must be specifically targeted, alongside sustainable adaptation at the micro-level. Importantly, the analysis indicates progress made with SDG implementation. These advancements have significant policy implications for vulnerable groups, shaping resilience strategies to address vulnerabilities and expand their capabilities. These topics have attracted new research streams, and publications on financial (micro) access and sustainable development are increasing (Hikmat, 2017).

NGOs and advocacy groups are also working to improve financial access for all socio-economic categories in alignment with SDGs. The role of the private sector is crucial: financial actors, entrepreneurs, and managers can be decisive. Sustainability reporting, certifications, and accountability contribute to achieving these goals. Meanwhile, new fintech tools and financial innovations can offer alternative options to ensure financial access for everyone (Farshidpour, 2021).

In relation to this study, no specific research has been conducted in Iran. However, the following studies are noteworthy:

1. Mohmadiraeisi (2021): This research investigates the role of modern banking in Iranian development. Using a documentary method, it highlights fundamental transformations in the country's banking infrastructure and their direct or indirect effects on economic and social development indicators (Mohammadi Raisi et al., 2019).
2. Abedi (2019): This study analyzes the role of green banking strategies in sustainable economic development. It demonstrates that implementing green strategies benefits not only the environment but also the banking sector by reducing credit risk, cutting costs, and enhancing the bank's reputation as an environmentally supportive organization (Abedi, 2018).
3. Ali Ahmadi et al. (2018): This research identifies critical success factors for sustainable banking, categorized into input, process, and output factors. It emphasizes the importance of supporting entrepreneurs, marketing management, clear regulations, and process evaluation in sustainable banking practices (Ali Ahmadi et al., 2018).

4. Methodology

The primary method used in this article is descriptive-analytical, which, through a comparative approach and utilizing library resources and available statistics, seeks to analyze, examine, and explain the role and function of the International Monetary Fund (IMF) in achieving sustainable development goals.

5. Principles and Conditions of the International Monetary Fund

The International Monetary Fund (IMF) was established on December 27, 1945, with its headquarters located in Washington, D.C., United States. By December 2022, it had 190 member countries. Its Board of Directors comprises representatives from over 180 countries worldwide. Thus, each member represents their respective country.

Since its inception, the IMF has gone through two major phases. The first phase was during the era of fixed exchange rate systems, while the second phase began when exchange rates became floating. The IMF asserts that during these periods, it has played a significant role in preventing global economic crises. For many years, the Fund's primary objective was to oversee a stable and fixed exchange rate system among member countries. Since 1971, global exchange rates have been allowed to float, determined by market forces of supply and demand.

In 2010, the IMF had 187 member countries, each of which paid an initial subscription fee to become a member. The organization aims to achieve and promote global economic sustainability by enhancing financial transparency among member nations, providing loans during economic crises, and offering technical support through educational and promotional tools.

The IMF's Articles of Agreement were amended on July 28, 1969, and again on April 1, 1978. The first amendment established Special Drawing Rights (SDRs). The second amendment involved a comprehensive revision of the Articles following the collapse of the nominal value system. Amendments to the Articles require the approval of three-fifths of the members and 85% of the total voting power. For three specific Articles, unanimous approval of all members is necessary (Daoud, 2019).

6. International Legal Personality of the International Monetary Fund

To evaluate the functional and financial independence of the IMF, an examination of its Articles of Agreement reveals that the IMF operates independently of its members. Article 1 of the IMF's Articles of Agreement emphasizes that the IMF, in adopting all its policies and decisions, is guided by the objectives outlined in the Articles.

Section 2 of Article 1 of the agreement between the IMF and the United Nations also underscores the independent operational functions of the IMF based on its natural foundations and responsibilities. Clause V(c) of Article 12 of the IMF's Articles, similar to Section 3 of Article 5 of the World Bank's Articles, highlights the independence of IMF staff and management from member countries.

Moreover, under Article 9 of the Articles of Agreement, the IMF enjoys a range of immunities, such as judicial immunity, exemption of the Fund's assets from restrictions, privileges for correspondence and communications, and immunity and privileges for staff and directors, including tax exemptions.

Regarding the second criterion, which pertains to the capacity to create international rights and obligations, Article 9 of the Articles grants the IMF full legal personality to enter into contracts, acquire and dispose of movable and immovable property, and perform legal acts. This provision explicitly affirms the IMF's competence to enter into agreements with other organizations, such as its agreement with the United Nations.

However, doubts remain regarding the binding nature of agreements between the IMF and its member countries in terms of international obligations. These doubts stem from the content of the "Guidelines on Conditionality for the Use of the Fund's Resources," which state that agreements between the IMF and member countries should not be interpreted as "treaties." The guidelines also note that deviations from economic program standards in member countries should not be interpreted as breaches of duties and obligations. Consequently, many argue that agreements between the IMF and member countries are generally not legally enforceable and should instead be viewed within the framework of "soft law" (Abouharb & Cingranelli, 2018). Nevertheless, this perspective does not negate the need to examine such agreements within the context of international rules.

Regarding the third criterion, which pertains to the ability to initiate and defend international claims, Section 2 of Article 9 of the Articles explicitly grants the IMF full legal personality to undertake legal actions. Additionally, Clause (c) of Article 29, similar to Article 10 of the World

Bank's Articles, mandates that any disputes between the IMF and its members must be referred to arbitration. As with the World Bank, this provision demonstrates the IMF's capacity to initiate and present international claims.

Overall, it must be acknowledged that the IMF's legal framework for international legal personality is comparatively weaker than that of the World Bank. One potential reason for this weakness may be an excessive focus on the domestic legal status articulated in the IMF's Articles of Agreement. Nonetheless, it should not be overlooked that the IMF Council has emphasized the Fund's international legal personality and the applicability of international law in relevant cases (Clements, 2023).

Section 3 of Article 9 of the IMF's Articles explicitly provides for immunity from judicial proceedings, except in cases where such immunity is expressly waived.

7. Missions of the Fund Based on Sustainable Development

The IMF's missions are defined in alignment with its stated objectives. The IMF's primary goal was initially to stabilize member countries' currencies, followed by assisting developing countries in achieving sustainable development. In line with this mission, and according to the IMF's Articles of Agreement, the Fund's responsibilities are defined, as will be discussed in this section.

8. Missions of the IMF

The primary idea behind establishing the International Monetary Fund (IMF) was to create a structured international monetary system, facilitating international payments and the adjustment of exchange rates among national currencies. Additionally, its policies and operations aim to reduce global poverty rates and promote international trade, thereby supporting economies worldwide (Clegg, 2024).

Although the IMF has a defined statute primarily crafted to address post-World War II needs, its objectives in the international economy have evolved over different periods in response to changes in the global economic environment. Contrary to critics' claims that the IMF adopts a rigid, unchanging approach, it has demonstrated flexibility. While the Fund adhered to free market frameworks during some events (e.g., the 1990s Southeast Asian crisis), it has adjusted its policies in other cases (e.g., the European debt crisis).

The IMF has also modified its proposed policies upon identifying their inefficiencies during recent crises. For instance, during the initial stages of the recent global crisis, the IMF underestimated the depth of the recession. However, as the severity of the challenges became apparent, the Fund revised its earlier recommendations. Critics who claim that the IMF rigidly enforces free-market policies overlook the flexibility it has shown in policy-making over the past decades when analyzed within a historical framework.

The IMF's current approach to market policies is not ideologically driven but rather focuses on principles essential for economic creativity and growth. However, economic conditions in member countries can influence how these principles are applied (Bird, 2023). Below are the key missions of the IMF:

9. International Monetary Cooperation

During the COVID-19 pandemic, the G20 countries identified the IMF and the World Bank as leading financial institutions to play central roles in supporting nations and acting as "financial firefighters." Both institutions introduced tools to counter the pandemic's impact. The IMF responded to requests for emergency assistance from over 80 countries, making two emergency financing streams available.

First, up to $50 billion in rapid-disbursing funds was offered to low- and middle-income countries (LMICs) without requiring a full-fledged IMF program. Approximately $400 million was initially available, with potential for increases. By early April, only four countries had accessed both instruments. The IMF's main response was encouraging crisis-hit countries to request conventional loans with more flexible financing options, reportedly reaching up to $1 trillion. These loans are subject to controversial conditionalities, requiring policy reforms before disbursement. Such conditions often negatively impact public health by mandating budget cuts, reducing healthcare and social workers' salaries, weakening labor protections, or promoting privatization (Burgard & Kalousova, 2021).

10. Promotion of Free Trade

The IMF was established to address unfavorable global economic conditions, expand free trade, develop a new economic and monetary system, and support growth in developing and underdeveloped countries. It is regarded as one of the most credible organizations for assessing and forecasting international economic conditions. By recommending free trade policies to borrowing countries, the IMF has sought to stimulate economic growth, as seen in several South American nations (Rapkin & Strand, 2022).

Neoliberal advocates often cite Chile as a successful example of structural adjustment programs, highlighting the country's high economic growth and export expansion from 1960 to 1980. These advocates argue that liberalization and privatization are fundamental solutions to economic challenges. In their view, economic issues during this period in Chile stemmed from populist policies such as nationalizing industries and increasing social expenditures, which caused inflation and budget deficits.

Similarly, neoliberal proponents consider Argentina a developed Latin American country with high economic growth and attribute its economic instability in recent decades to populist policies like monetary expansion, industry nationalization, import substitution, and increased government spending. In Ecuador, neoliberal advocates point to economic stability during structural adjustment programs, blaming earlier nationalistic policies for the problems encountered.

However, critics of structural adjustment policies argue that while domestic political and institutional factors contributed to economic instability in these countries, the adverse effects of implementing structural adjustments cannot be overlooked. Policies such as capital mobility deregulation, price liberalization, and reduced government intervention, as recommended by the IMF, have often resulted in capital flight, economic stagnation, income inequality, and unemployment (McKee, 2022).

11. Removal of Tariffs and Import Restrictions

In developed countries, the focus has been on expanding the scope of new trade policies, opening service markets, and creating more coherent legal systems. For example, better coordination in domestic regulations through dialogue with lawmakers, mutual recognition, and harmonization can yield substantial benefits if inconsistencies are minimized. Emerging economies in regions like South Asia and Latin America can benefit from traditional liberalization, integration into global value chains, elimination of import substitution policies, and avoidance of protective trade measures.

Trade liberalization complements structural reforms, supports stronger policy and institutional frameworks, and fosters global value chain integration, which is critical for low-income countries' growth strategies. Removing trade barriers like outdated infrastructure and improving economic institutions remains crucial for these countries (IMF, 2021).

These economies may also require technical cooperation to adapt to less protective environments, such as managing tariff reductions, sequencing and coordinating reforms, and leveraging improved market access in advanced economies. However, one weakness of IMF programs is their narrow focus on tangible economic aspects, often neglecting the broader social and human implications. Economic phenomena are inherently multidimensional, encompassing societal, human, and ethical considerations. Ignoring these dimensions can lead to undesirable outcomes (Klomp, 2024).

12. Relaxation of Government Restrictions on Foreign Investments

The policy of facilitating foreign investment aims to secure necessary capital for third-world countries to implement development programs. Additionally, free trade facilitation is recommended. The underlying philosophy is Ricardo's comparative advantage theory in international trade, which assumes that all trading partners benefit in a free trade system, making it advantageous for all nations to adhere to it (Kentikelenis, 2023).

13. Empowerment of Non-Governmental Organizations

Non-governmental organizations (NGOs), as community-oriented structures, aim to benefit society by leveraging government-created opportunities and removing previous obstacles to expand their economic and commercial activities. Citizen involvement in policymaking allows governments to access new ideas, information, and interests when making decisions.

Engaging the public for effective policymaking requires governments to invest adequate resources and time in strengthening institutional, legal, and policy frameworks. They must develop and utilize appropriate tools, ranging from large-scale public opinion surveys to consensus conferences with smaller, non-expert groups. However, experience has shown that without public sector leadership and management, even well-crafted policies have limited impact.

Key elements for successful citizen participation in policymaking include information, consultation, and public involvement. The information provided must be objective, complete, clear, easily accessible, and understandable (Shandra, 2024).

14. Sustainable Growth and Welfare Through Environmental Preservation

Since its establishment, the International Monetary Fund (IMF) has undergone two major phases. The first phase occurred during the era of fixed exchange rate systems, and the second began with the transition to floating exchange rates. The IMF believes it has played a significant role during these periods in preventing global economic crises.

One of the critical aspects of sustainable growth and welfare is environmental preservation. In recent years, environmental issues with significant macroeconomic implications have increasingly been recognized as integral to policymaking. The IMF's consultation on environmental issues has developed in close collaboration with the World Bank. While the World Bank provides a broad range of technical environmental advice, the IMF's role in this area is limited to situations where environmental challenges impact macroeconomic stability and sustainable growth.

Although this relationship is evident in some cases, it is generally acknowledged that the link between environmental problems and macroeconomic stability is multifaceted and highly complex. This complexity prevents simple generalizations about the environmental effects of stabilization policies. Adding to this complexity, the link operates in both directions. While macroeconomic policies can significantly improve environmental conditions, unsustainable environmental policies can also seriously undermine a country's economic and social welfare (Nandy & Svedberg, 2022).

However, the IMF has faced criticism, particularly regarding the widening gap between its original objectives and its current performance. Critics argue that the allocation of loans is not based on the needs of the most impoverished countries, as both poor and wealthy members can access the IMF's financial facilities under equal repayment terms.

15. Reducing Development Gaps Between Countries

The IMF appears to have underperformed in providing financial facilities and improving education in countries lacking basic educational infrastructure to the extent expected of the Fund. Stronger mechanisms need to be adopted to better address these issues alongside other organizations active in this field.

A deeper analysis reveals that one of the significant causes of the class divide between rich and poor nations is cultural poverty, which exacerbates the dependency of poorer nations on wealthier ones and hinders their development. The IMF should allocate more attention to providing educational services in countries with urgent needs. It can encourage its industrial member countries to invest and allocate necessary budgets for these nations.

If the IMF were to provide loans under more favorable conditions and increase its support for educational funding instead of focusing on structural adjustment policies, impoverished nations would be more inclined to seek these loans without fearing the imposed repayment conditions (Shandra, 2024).

16. Policy Consultations

In fulfilling its responsibilities, particularly monitoring and proper resource utilization, the IMF annually collects up-to-date information on the economic variables and policy directions of its member countries. It also provides specific advisory recommendations to senior policymakers. These recommendations, besides analyzing the current state of the national economy and forecasting its medium-term prospects, are based on calculations of specific indicators, offering insights into the accuracy of economic performance and adherence to international standards and experiences from other countries.

This knowledge is valuable for identifying potential risks or deviations from a sustainable trajectory in specific sectors or activities (Lastra, 2021). IMF consultations generally fall into three categories: periodic and regular, specific, and complementary. All these consultations are mandated under Article IV of the IMF's Articles of Agreement.

Article IV consultations involve regular and systematic reviews by member country authorities and IMF experts on all policy and operational aspects. The gathered information forms the basis for discussions among the IMF's executive directors regarding member policies. Certain provisions of the Articles mandate members to cooperate with the IMF's efforts to promote exchange rate stability. Members also agree to pursue economic growth with acceptable price stability, strengthen their financial and economic conditions, and avoid manipulating exchange rates for an unrealistically competitive advantage.

Hence, accepting these missions and cooperating transparently with IMF delegations are common obligations among members (Nijkamp & van den Bergh, 2019).

17. Financial Assistance Through Lending

Currently, the world faces the weakest medium-term growth outlook in three decades amid high debt levels, fragmented trade, and the prospect of higher and prolonged interest rates. In response, the IMF is intensifying its efforts to promote stability and growth.

All countries are grappling with uncertainties stemming from pandemic-related shocks, the war in Ukraine, and transformational challenges like climate change and digitalization. While some developing and emerging market economies have demonstrated resilience, many, especially low-income countries, remain increasingly vulnerable under tighter financial conditions and limited policy space for maneuvering.

These nations face funding shortages, rising food insecurity, and slower convergence toward higher living standards. High debt burdens and sharply increasing debt service costs—exceeding 40% of revenue in several highly indebted nations—leave little room for social spending and growth-enhancing investments, adversely impacting debt sustainability and social stability.

In response to calls for a more significant role in supporting member countries during these challenging times, the IMF provides balance-of-payments financing and policy advice.

In September 1999, the IMF adopted a new focus on poverty alleviation in its work with low-income countries. As part of this initiative, the Enhanced Structural Adjustment Facility (ESAF) was replaced with the Poverty Reduction and Growth Facility (PRGF). The primary goal of the PRGF is to design policies explicitly focused on economic growth and poverty reduction, ensuring consistent implementation with better national ownership.

This new facility introduced several innovations to ensure that loan programs are designed for the poor and aligned with each country's poverty reduction strategy. These innovations are complemented by stronger partnerships with the World Bank to enhance the effectiveness and long-term impact of poverty reduction efforts (Yongfu, 2012).

As of September 2022, the IMF has allocated unprecedented financial resources to its members, totaling $287 billion or 218 billion Special Drawing Rights (SDRs) across 94 countries. This includes:

- Precautionary facilities for seven emerging market economies amounting to $93 billion.
- Lending commitments of $134 billion to 35 emerging market economies.
- Interest-free loans of $23.5 billion to 45 low-income countries.
- $30.5 billion in outstanding emergency financing to 77 countries.
- Approximately $6 billion in long-term loans under the Resilience and Sustainability Trust (RST) for 11 emerging market economies.

About 40 other countries have expressed interest in RST arrangements.

Efforts to assist countries facing or approaching debt distress are ongoing, with further debt policy reforms under consideration. These reforms include enhanced creditor cooperation, financial assurances, support for improved engagement with members and creditors, and assistance to members undergoing debt restructuring under exceptional circumstances.

IMF lending provides countries with breathing room to adjust policies systematically and pave the way for stable economies and sustainable growth. Policy adjustments vary based on a country's specific circumstances. For instance, a nation facing a sudden decline in export prices may need financial assistance to strengthen its economy and diversify exports.

IMF loans are typically accompanied by reform measures, signaling appropriate policies and encouraging private investors to return. In low-income countries, IMF lending is often designed to catalyze financial support from other donors and development partners.

The IMF's lending process is flexible. Countries adhering to sound policies may access resources without stringent conditions, particularly for urgent needs covered by emergency financing instruments (Lastra, 2021).

18. Conclusion

The International Monetary Fund (IMF) is an international organization and one of the key financial institutions under the United Nations, tasked with overseeing the global monetary system. It is also considered one of the most credible sources for assessing and forecasting the state of the global economy. The primary objectives of the IMF's establishment include fostering international monetary cooperation, facilitating balanced growth in international trade, creating a stable exchange system among members, avoiding competitive currency devaluation, and providing resources through its public funds to assist member countries facing balance-of-payments deficits. Ultimately, the IMF's overarching goal is to oversee the flow of international currency among countries worldwide.

The IMF achieves its goals through three main mechanisms: surveillance, capacity building, and lending. Formed in 1945 and officially operational from 1947, the IMF had 151 members by 1988, with subsequent growth in membership. Iran was among the 44 countries invited to the Bretton Woods Conference in 1944, and its four-member delegation participated in the commissions that drafted the IMF and World Bank charters. The IMF's decisions significantly impact the global economic landscape.

The IMF is often seen as a lender of last resort, providing financial assistance to countries facing serious financial crises. Member states can also seek emergency loans during financial difficulties. However, the IMF cannot utilize funds without the lender country's approval.

While many scholars evaluate the IMF's activities positively, critics argue that the IMF exacerbates difficulties for debtors by pressuring governments to implement reforms aligned with the Fund's objectives. Critics also claim the IMF serves as a tool for major powers to interfere in the domestic policies of developing nations.

One of the IMF's objectives is to promote sustainable growth and development in developing countries through financial and monetary policy oversight, capacity building for technical assistance, policy and educational consultations, and lending. The IMF's mission is to foster global economic growth and financial stability, encourage international trade, and reduce poverty worldwide.

According to its Articles of Agreement, the IMF's objectives include facilitating international trade, promoting job creation, ensuring real income growth, developing productive resources for all members, stabilizing exchange rates, maintaining orderly currency transactions, and preventing competitive devaluations. Over time, these objectives have shifted to focus more on providing financial and non-financial assistance to less developed countries, aiming for their sustainable development, which encompasses economic, social, and environmental dimensions.

Since 1995, the IMF has mandated member countries to adopt domestic policies aimed at reducing the government's role in the economy. The Fund's explicit guidance and insistence on privatizing state industries, education, social services, telecommunications, transportation, railways, and healthcare primarily benefit multinational corporations. The IMF encourages governments to reduce subsidies and public spending, transferring more economic control to the private sector and, effectively, global corporations.

In response to financial crises, the IMF, initially established to stabilize exchange rates and ensure currency convertibility, has evolved into an international financial institution with broader responsibilities. These include regulating and supervising capital markets and banks, along with implementing financial reforms.

The IMF's focus on objectives like sustainable growth and welfare positions it as a crucial institution aligned with the goals of sustainable development. However, its functions in achieving these goals are limited to specific areas. The IMF, alongside the World Bank, holds a unique position globally as it can directly influence the policy environments of developing countries.

The IMF's mission, as set out in the Bretton Woods Conference of 1944, is to monitor and support governments on macroeconomic issues. Its goal is to maintain global financial stability, including acting as a lender of last resort during financial crises. Through its conditional lending programs, the IMF promotes market-friendly policies. However, the Fund's economic size, used as a normative determinant for quotas, is criticized for relying on exchange rates instead of purchasing power parity to convert figures into a common currency. The IMF's agreements prioritize macroeconomic issues over individual welfare. Although the IMF may express interest in improving individual health outcomes, its agreements bind it to prioritize macroeconomic stability over individual welfare. This necessitates a theory of distributive justice within IMF programs to balance macroeconomic health and individual well-being.

The IMF influences member states' policies in two ways:

1. **Direct Channels:** Governments often subsidize essential areas like immunization, food, and healthcare.
2. **Indirect Channels:** Programs such as wage constraints in the public sector or trade liberalization measures affect broader economic conditions.

18.1. Recommendations

1. Considering significant changes in the global economy and the economic growth of several Asian countries, it is recommended that the IMF revise its policies to better align with contemporary global needs.
2. Findings indicate that the IMF's accountability mechanisms to support human rights are insufficient and not prioritized, as the organization's charter does not explicitly emphasize human rights. To prevent human rights violations, the IMF should adopt more effective measures, as neglecting the negative human rights implications of its activities has attracted significant criticism.
3. One critique of the IMF is its unwavering support for free-market economics. Critics argue that the IMF operates on the outdated assumption that markets inherently produce efficient outcomes, restricting government intervention in markets. Countries closer to a liberal capitalist economic model often experience greater income inequality, leading to public dissatisfaction and movements like Occupy Wall Street.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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