

The Role of the IFC in International Finance In line with the UN Sustainable Development Goals: Relevance of Public or Private Finance

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Abstract

The main objective of the International Finance Corporation (IFC) as a member of the World Bank Group is to advance economic development and reduce poverty by financing private sector projects in developing countries. Private sector projects are the threshold to every country's economy, and actually, they are the building block of each economy. It is the private sector that can deal with projects focusing on infrastructure. In this paper, the question of whether, in reality, the IFC is playing an effective role in private and public international financing to achieve the UN Sustainable Development Goals (SDGs) will be examined. In order to respond to this question, reference will be made to issues such as the public-private partnership framework and the nature of the IFC's performance. This paper concludes that, in practice, it is not clear that where the largest development impact of financing is to be found to meet the SDGs effectively, hence the IFC has no choice

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but to play a hybrid role in private and public international financing as this will increase its efficiency and capability to become a leading international financial institution.

Keywords: International Finance Corporation, Sustainable Development, Developing Countries, Private Sector, Project Finance, Hybrid Role.

Introduction

The heads of state and government and high representatives, meeting at the United Nations Headquarters in New York in September 2015, decided on an Agenda of unprecedented scope and significance that included new global sustainable development goals. The 2030 Agenda¹ resolves, between 2015 and 2030, to end poverty and hunger everywhere; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources.²

The Agenda also resolves to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into consideration different levels of national development and capacities. The Agenda acknowledges the importance for international financial institutions, including the World Bank Group, to support, in line with their mandates, the policy space of each country, particularly developing countries.

¹ The 2030 Agenda available at: <https://sdgs.un.org/2030agenda>.

² The 2030 Agenda and the Sustainable Development Goals, available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Development+Impact/SDGs/About-SDGs/.

The 17 Sustainable Development Goals³, with 169 associated targets, build on the achievements of the Millennium Development Goals and seek to address their unfinished business and end all forms of poverty by committing to achieving sustainable development in its three dimensions – economic, social, and environmental. The SDGs are unique in that they call for action by all countries, poor, rich, and middle-income, to promote prosperity while protecting the planet. Targets are defined as aspirational and global, with each government setting its own national targets guided by the global level of ambition but considering national circumstances. Countries have the primary responsibility for follow-up and review of the progress made in implementing the Goals, which will require quality, accessible, and timely data collection.⁴

The World Bank Group remains a central institution in financing solutions and providing policy advice to countries to reach internationally agreed development goals. It is imperative that its approaches make a real difference in sustainable development and poverty reduction.⁵

The IFC's new corporate strategy (IFC 3.0)⁶ focuses the institution on creating markets and mobilizing private capital, with increased support to countries where private capital flows are inadequate to address major development gaps. As part of the World Bank Group, the IFC has two overarching goals, ending extreme

³ The 17 Sustainable Development Goals available at: <https://www.un.org/sustainabledevelopment/development-agenda/>.

⁴ Supra note 2.

⁵ Kirk HERBERTSON, Kim THOMPSON, Robert GOODLAND, A Roadmap for Integrating Human Rights into the World Bank Group, World Resources Institute (2010), at 7.

⁶ IFC 3.0, A Strategy for Creating Markets, available at: <https://www.ifc.org/wps/wcm/connect/5e9c14ca-5ed2-4310-9aa3-a7e24e48fe6a/IFC-AR20-Strategy-in-Action.pdf?MOD=AJPERES&CVID=nteydr8>.

poverty by 2030 and boosting shared prosperity, which are aligned with the SDGs. Through direct investments and advisory services, the IFC provides private sector solutions that lay the foundation for sustainable and inclusive economic growth. The objective is to support operations that address development challenges at scale, through project-level outcomes as well as market creation.⁷

The IFC's new Anticipated Impact Measurement and Monitoring (AIMM) framework contributes to intensifying the focus on development impact while better articulating the IFC's narrative, emphasizing the benefits of steering business towards more challenging areas, and strengthening measurement and monitoring of both project and market-level effects.⁸

It is a fact that the IFC is playing a key role in the World Bank Group's maximizing finance for development approach. To meet the SDGs effectively, there is a need to expand the hybrid role of the private and public sectors and mobilize private and public capital rather than focusing on private sector financing, which causes some limitations in its performance. In line with this fact, we need an overview of the IFC's financial function and how its operations contribute to effectively achieving the SDGs.

I. Trends

⁷ Alan K LUKOMA, Christian R ROSENHOLM, IFC'S Contribution to the Sustainable Development Goals. Washington, D.C. : World Bank Group, (2018), available at: <http://documents.worldbank.org/curated/en/209181525334626293/IFC-S-contribution-to-the-sustainable-development-goals>.

⁸ Ibid.

The world, in many aspects, has faced a lot of inconveniences, which many people have suffered accordingly. Ups and downs influence humans' lives economically, socially, and politically. Although these go hand in hand, the economy plays a vital role. People suffer from various difficulties. There are different statistics on the status of people around the world. Economy, in some countries, is fragile and unstable, so that over 80% of people in "emerging markets" deal with poor infrastructure, 2.8 billion people live without proper cooking facilities, and 1.4 billion live without electricity, in some countries, over half of the population.⁹ In addition, safe water and sanitation are what 1 billion and 2.6 billion people respectively are in need of. In a nutshell, you may know by a handful the whole sack. When the world is struggling with such issues, the need for investment at a domestic and global level is remarkably felt. Here, we can say, international finance partially comes to the rescue of developing countries.

Therefore, international financing serves many functions which are precious for developing countries because, thereby, they will be able to:

1. Enhance the potential national income over time by investing in profitable projects that cannot be financed with domestic resources.
2. Accelerate or delay domestic consumption relative to anticipated national income,
3. Smooth domestic consumption in response to sharp fluctuations in income or required outlays,
4. Shift risks associated with particular development strategies or economic ventures to foreign investors or governments.

⁹ World Bank Group, IFC and Infrastructure, IFC Issue Brief (2014).

5. Shift responsibility for the selection or management of investments, and
6. Obtain concessional transfers of resources, in a strict sense, a form of aid rather than finance.¹⁰

The International Financial Institutions (IFIs) emerged to help developing countries to strengthen their domestic infrastructures and remove obstacles in their way to prosperity. The IFIs' critical role is in dealing with supporting private sector development, in which financing is often linked with projects in infrastructure, employee skills, and know-how. Thus, multilateral IFIs can be listed as: European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), the World Bank Group (World Bank, IFC, IBRD, IDA, and MIGA), African Development Bank (AfDB), and Asian Development Bank (ADB).

What we can count on as a fundamental link between savings and investment all over the world is private and public institutions. They deal with the economic growth of the countries. It is a fact that the more efficient these sectors are, the more the countries develop economically.

If we regard global financial innovation in a period (i.e., 1970-2005), we can conceive two phases in this regard: a) the downfall of Bretton Woods' system in 1970; b) the oil shocks of 1973 and 1979. The former provided countries with greater capital mobility, and the latter furnished the markets with an influx of new funds.

Accelerating integration and globalization of financial markets is at the top of the recent changes in the world. This development (which

¹⁰ Donald LESSARD, *International Finance for less Developed Countries: The Unfulfilled Promise*, M.I.T. Sloan School of management (1985) at 62.

has been furthered by the liberalization of markets, rapid technological progress, and major advances in telecommunications) has created new investment and financing opportunities for businesses and people around the world.¹¹ Easier access to global financial markets for individuals and corporations will lead to a more efficient allocation of capital, which, in turn, will promote economic growth and prosperity.¹²

In recent years, financial markets have seen speedy and extreme changes. The world has witnessed striking events in global financial markets. On this basis, there are different estimations on the need for investments in future years. The world nations, based on their financial abilities, need different amounts of finance and investment in different areas. Accordingly, various institutions estimated the needs for investment differently.¹³

It is thus clear that the private sectors in developing countries are in need of financial assistance to embrace development and growth. This goal is accomplished through cooperation with the IFIs, such as the IFC, which is working to develop solutions to bridge the private sector's financing gap, cooperating with 314 financial institutions across 90 countries globally.¹⁴

¹¹ William F DUISENBERG, Speech on the Occasion of 75 Anniversary of the Banco de Mexico, Mexico, 14 November 2000. Available at: <https://www.ecb.europa.eu/press/key/date/2000/html/sp001114.en.html>

¹² Ibid.

¹³ Raffaele Della CROCE and Stefano GATTI, "Financing infrastructure – International trends", *OECD Journal: Financial Market Trends*, Vol. 2014/1. (2016) Available at: <http://dx.doi.org/10.1787/fmt-2014-5jxvpb4jfrfl>

¹⁴ Martin HOMMES and Aksinya SOROKINA, International Finance Corporation, World Bank; available at: <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0ahUKEwj046PJ9bzKAhXlkiwKHeu8CjMQFggyMAM&url=http%3A%2F%2Fwww.ifc.org%2Fwps%2Fwcm%2Fconnect%2F78f97b00432c1cc583d7ef384c61d9f7%2F2012-MSME-Brochure>

According to the IFC's reports:¹⁵

“As of 2013, it committed a total of 14.5 billion to the MSME finance globally, \$12.8 billion for long-term finance (including \$2.3 billion for funds supporting the MSMEs), and \$1.7 billion for trade finance. In fiscal year (FY) 2013 alone, the IFC MSME commitments globally were \$6 billion (up 11.5 percent from \$5.4 billion in FY2012), \$2.6 billion of which was attributed to long-term financing. The share of committed loans to microfinance institutions in the MSME committed portfolio increased from 18.8 percent in FY2012 to 19.9 percent in FY2013. Small enterprises accounted for 48.6 percent in FY2013 (56.5 percent in FY2012), and medium enterprises accounted for 31.5 percent in FY2013 (24.8 percent in FY2012).

Therefore, the amount that the IFC committed as of 2014 was \$14.5 billion to MSME finance globally. The amount of loans has increasingly grown through the history of the IFC's existence as the number of its clients has grown.

It is thus the fact that the IFC is trying to be placed as a good support to the SMEs (Small and medium-sized enterprises) around the world. The IFC indicated many initiatives, such as the constitution of the Women Entrepreneur Opportunity Facility/Fund (WEOF or Facility) in 2014 in collaboration with Goldman Sachs Foundation (GSF). The WEOF aims to reach through a joint investment and advisory platform as many as 100,000 women-owned SMEs globally.¹⁶

The banking on women program and Goldman Sachs' 10,000 women initiative combined expertise and resources to create the \$600mn women entrepreneurs opportunity facility, exclusively

¹⁵ Ibid.

¹⁶ Ibid.

dedicated to financing women-owned small and medium businesses in developing countries.¹⁷

The World Bank's changes at the macro-level can be outlined in four major trends: (1) changes in lending, including amount of lending, type of lending, and recipient countries; More than six decades after Bretton Woods, the World Bank's cumulative lending now stands over \$1 trillion. (2) Changes in income sources; (3) the growth of trust funds; and (4) trends in staffing.¹⁸

The remarkable wane in the IBRD lending in recent years urged the World Bank lending to decline in real terms. In 1974, the first loan of the Bank was issued for which it committed \$250 million to the French government to support reconstruction.¹⁹ This first loan was the beginning of a greater job. The bank, according to a concise and operational plan, started aiming to alleviate poverty on a global scale.

From then on, assisting international development has been at the core of the Bank's activities. In 1970, the Bank veered into more direct approaches to poverty reduction, pioneering strategies like 'basic human needs' and 'integrated rural development.'²⁰

the World Bank Group provides various types of services, and it commits to providing different amounts of loans, grants, equity investments, and guarantees upon the demand of states.²¹

II. Public-Private Partnership Framework

¹⁷ Ibid.

¹⁸ Kevin CURREY, Briefing Note: Some Evolving Trends of the World Bank Lending, Funding, Staffing (2014), at 2-4.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

It is thus clear that each sector (public and private) plays a crucial role in the development of the global community. At present, every sector is playing its role to serve the world so that it can make it a better place for people equally (at least in theory). Developed countries need to take a step forward to experience new changes, as they lead the world. The developing countries also need to strengthen different aspects of their country's structure. They need to raise funds through different approaches. Some of this is done through public financing, some through private financing. Each has important dimensions and needs to be discussed carefully and in detail.

It must be noted that the financing can be carried out through two forms: (1) private commercial funding with the expectation of a market-rate return, (2) noncommercial funding which is provided by governments or private providers who seek to accept no or below-market rates of return.²²

We can imagine a low-income country which is aware of high returns in different fields, but the required capital is not provided, for any reason. Also, the capital markets are not willing to invest in poor countries for security reasons. Thus, the international finance institutions can be a solution for them toward a public-private financing. In general terms, public financing covers areas where private, for-profit financing is intrinsically insufficient or impossible.²³

It is a complicated venture to create a PPP (Public-Private Partnership) program that is successful. Not to mention, doing so, encompasses several issues in countries that are also developing. The governments must follow some steps, which are fundamental for

²² Guido S TRAUB and Jeffrey D SACHS, *The Roles of Public and Private Development Finance*, Issue Brief (2015), at 3.

²³ *Ibid.*

establishing an authentic PPP program, for creating an environment that spurs PPPs. Frequently, we must mention, failing to carry out a step can lead to a total program, being delay or the current projects breaking down. The operators in private and public sectors, which for the first-time pore over partnership, may come to perceive the PPPs as a political and economic minefield replete with technical ramifications which fall into the turf of experts.

A general framework for establishing a successful partnership can be a great help for the players in the private and public sectors. The framework ought to be kept simple. It should also be based upon genuine experience. In addition, a comprehensive “checklist” must be provided for the players to help them in browsing the myriad of vital information, issues, and advice on the PPPs.

In order to develop such a framework, an effort has been made through reviewing the experiences amassed within the IFC. This review was done through its PPP advisory unit. In over 35 developing countries, a number more than 60 PPP projects were reviewed. They were extended of over seven years and illustrated roughly \$10 billion in investment. They also created services for more than 30 million people to define and test the framework. The elements that defined all these projects were a long-term partnership between the private and public sectors in submitting a public service which involves some risk transferring to the private partner.²⁴

The case experience proffers a very potent and variegated panoply of lessons for anyone who pores over the partnership between the public and private sectors. These run the gamut from the hospitals in Africa to toll roads in South America to hydroelectric projects in

²⁴ Richard FLORIZONE, Laurence CARTER, *A Winning Framework for Public Private Partnerships: Lessons from 60-Plus IFC Projects*, Smartlessons, IFC Publication (2013) at 25.

Europe. Furthermore, they include both successful and failed projects. The IFC teams winnowed out a limited number of “lessons learned” at the termination of each project. These “lessons learned” were accumulated in a database of over 350 lessons and then were scrutinized systematically. This thought was shaped further by reviewing other IFC projects.²⁵

The lessons are pigeonhole in three broad categories: economics, politics, and execution. These three groups represent the three essential forces that the failure or success of the PPPs are driven by them. It goes without saying that for the projects to be successful, the countries must realize and manage properly the scopes of economics, politics, and execution functions.

It is a complicated venture to create a PPP program that is successful, particularly for developing countries that have to grapple with major issues in this regard. Great skill and capacity levels from the authorities of the public sector are deemed necessary for such engagement demands. Also, an approach that is holistic from the perspective of establishing an economic fundamental right is also required. Furthermore, the suitable regulatory and legal framework, together with the perseverance in commitment, of a sustained political nature, are of the essence as well. In other words, experienced and adept transaction advisers are required for the structuring itself; this is the turf on which the IFIs to have a significant contribution. Therefore, this would be more for countries whose capacity is lower.

The experimentation with creative methods in financing, which are long-term, has culminated in numerous state-of-the-art infrastructure financing schemes, emerging all around the world in recent years. A myriad of novel experiences and lessons will be

²⁵ Ibid.

created by this trend that will, without an iota of doubt, boost the infrastructure industry and advance it toward evolution and maturity. In addition, it will transfer the lessons along the curve of market maturity. Renewed interest in getting the attention of institutional investors (particularly pension funds and insurance companies) is one of the principal trends for augmenting the liquidity of the market. The reality, notwithstanding, displays the fact that the demand of the traditional investors is less sophisticated from project structuring of the new players.

It is thus clear that the need for the creation of pragmatic incentives in the market for advancing the infrastructure development is exponentially recognized by the governments in emerging markets and developing countries.

III. The IFC's Performance

The IFC is an International Organization, the purpose of which is to “further economic growth in its developing member countries by promoting private sector development.”²⁶ This means that the IFC can play a role as a commercial organization and also as a public one. The necessity of the international community requires it to take the proper action at the right time.

The IFC carries out its duty through financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments.²⁶

As noted, the IFC is an international organization that assists the private sector in developing countries and provides its assistance in different forms. The IFC is playing a hybrid role in international finance as it takes part in public-private projects. Although it is the

²⁶ Ibid.

World Bank's right-hand dealing with the private sector, when the crisis-stricken member states call for help, the IFC does not withhold doing so.

To outline the IFC's main focus areas, five strategic ones can be listed as follows:

1. Beefing up the focus on frontier or equity markets.
2. Climate change and environmental and social sustainability.
3. Removing Obstacles to private sector growth in different areas.
4. Reinforcing local financial markets
5. Building long-term client relationships in emerging markets.²⁷

As María José Romero (2014) presented valuable statistics on the increment in the IFC's commitments, which are as follows:

Since 2002, the IFC has increased its investment commitments six-fold, and in 2013, it stood at more than \$18 billion. At the European level, from 2003 to 2012, the consolidated portfolio of the 15 members of the association of the European Development Finance Institutions (EDFI) increased from €10 billion to €26 billion, which represents a 160% increase. However, serious questions have been raised about the development impact of these investments and the lack of transparency and accountability of these institutions.”²⁸

The IFC launched in 1956, and the PSD was added to the global economic agenda at the same time. The IFC coined the term “emerging markets” in 1980. Many countries have particularly benefited from the broadening of project finance applications, and the IFC supported various projects globally. One of the techniques applied by the IFC is project financing, as it has helped many developing

²⁷ Big Challenges, Big Solutions, IFC Financials and Projects, IFC (2014), at 2.

²⁸ María José ROMERO and Jan Van DE POEL, Private Finance for Development Unraveled: Assessing How Development Finance Institutions Work, Eorodad (2014), at 5.

countries receive various services. For instance, the IFC, under a 30-year concession with the Argentine government, financed \$329 million for the rehabilitation and expansion of Buenos Aires' water and sewerage services.²⁹

In addition, another 15-year concession for a nationwide digital cellular network in all aspects was granted in Hungary in 1994. The project was funded with \$185 million, of which \$109 million was provided from the IFC and the US Overseas Private Investment Corporation (OPIC).³⁰

The two projects presented above are among thousands of projects supported by the IFC. The services provided, or loans granted, varied from project to project. The projects show that the IFC plays an important role in furthering sustainable development and economic growth in developing countries.

The IFC is providing services in more than 104 countries worldwide. The IFC, in addition to financial services, provides advisory services as well. The advisory task of the IFC may be in the form of access to finance, sustainable business, investment climate, and public-private partnerships, which is of \$200 million per year.

According to Article 3 (section 3) of the IFC Articles of Agreement, the IFC shall operate within a specified framework; section 3 of the article is as follows:

The operations of the Corporation shall be conducted with the following principles:

1. The Corporation shall not undertake any financing for which, in its opinion, sufficient private capital could be obtained on reasonable terms;

²⁹ International Finance Corporation: *Project Finance in Developing Countries* (1999), at 27.

³⁰ *Ibid.*

2. The Corporation shall not finance an enterprise in the territories of any member if the member objects to such financing;
3. The Corporation shall impose no conditions that the proceeds of any financing by it shall be spent in the territories of any particular country;
4. The Corporation shall not assume responsibility for managing any enterprise in which it has invested and shall not exercise voting rights for such purpose or for any other purpose which, in its opinion, properly is within the scope of managerial control;
5. The Corporation shall undertake its financing on terms and conditions which it considers appropriate, taking into account the requirements of the enterprise, the risks being undertaken by the Corporation, and the terms and conditions normally obtained by private investors for similar financing;
6. The Corporation shall seek to reinvest its funds by selling its investments to private investors whenever it can appropriately do so on satisfactory terms;
7. The Corporation shall seek to maintain a reasonable diversification in its investments.”

According to what has been pointed out, the IFC shall operate within a specified framework. It means that the IFC cannot play a managerial role in projects and just has the role of making loans and providing advisory services to the private sectors in developing countries. The financing is conducted through terms and conditions that are deemed fit by the IFC.

Administratively, the IFC is owned and governed by its member countries but has its executive leadership and staff that conduct its normal business operations. It is a corporation whose shareholders are

member governments that provide paid-in capital and have the right to vote on its matters.

Under the IFC policies, it never finances 100 percent of any particular project. Thus, many of the projects in which the IFC participates receive funding also from other IFIs (International Financial Institutions), unilateral or multilateral development institutions, export-import banks, export credit insurance agencies, and major international banks.³¹

IV. The IFC's Role in Project Financing

The project finance experienced a speedy growth in the case of developing countries during recent years, and this growth was supported directly by financial institutions like the IFC. If we have a look at the history of project financing, during the period 1994-1997, at least one official institution was involved in a major share of all project finance transactions. Sometimes, host governments supported many projects in the form of political assurances.

The largest multilateral loan provider and equity financier for private sector projects in developing countries is the IFC; as it was noted, it is the leading financial institution that assists the private sector. The focus of the IFC's activities has been on project finance since its operational commencement. The IFC advocates project financing in three main areas:³²

1. By sharing the risks of projects with private investors, IFC equity and long-term debt financing alongside that of other partners can help projects go forward. It becomes more

³¹ Carlos A FERNANDEZ-DUQUE, Co-Financing with IFC: Preferred Creditor Status and Inter-Creditor Agreements, *International Business Lawyer* (1998), at 309.

³² IFC, *Project Finance in Developing Countries, Lessons of Experience*, No. 7 (1999), at 60.

significant in countries with weak local financial markets or with different ways of attracting foreign investment.

2. By helping reduce project risk through appraisal and structuring skills: IFC is concerned about careful appraisal and its broad experience in different environments (such as difficult situations) can help sponsors structure a financially, technically, and environmentally sound project. The knowledge and experience of the Corporation facilitate the investment process through helping secure administrative or regulatory approvals.
3. By helping reduce perceived risk through its presence in a project: because IFC is an international organization under the ownership of member states, its participation in a project provides some comfort in the face of a political risk. Due to that, IFC takes a role as a strong catalyst in various projects, particularly mobilizing loans from other financial institutions through syndications. IFC extends the obtained advantages as a multilateral institution to other participants in the syndicated loan, which may enable IFC's clients to obtain financing on better terms and allows financial institutions to finance at lower perceived risk.

The role of the IFC in project financing can be sought in two main fields of project financing, which are greenfield project financing and investment.

In the case of greenfield project financing, the IFC has committed to many projects. In its report in 1999, the IFC reported 233 greenfield projects approved and committed by the IFC. The total cost of these projects was \$30.5 billion, and the IFC's total committed financing was about \$8 billion. The mentioned projects showed just part of the IFC's total limited-recourse financing during the period mentioned in

the said report. Therefore, the IFC plays a critical role in such projects, which impact the development of the private sector in developing countries.³³

There are many projects in which the IFC invests in different ways, such as a mixture of debt, equity, and quasi-equity. Not only did the IFC agree to provide long-term loans, but it attempted to raise additional debt financing through its syndications to commercial banks and maybe other financial institutions.

The IFC's mission is to contribute to the World Bank Group's overall purpose of reducing poverty and improving living standards, which is a key value of the 2030 Sustainable Development Goals (SDGs) by playing a leading role in the development of a sustainable private sector. As a part of this mission, the IFC was one of the early pioneers of project finance in developing countries, and project finance remains an important core of the IFC's activities today.

Conclusion

Having considered relevant aspects of the issue, we may conclude that the IFC is providing capital at favorable terms to large companies rather than promoting development and alleviating poverty. The IFC uses taxpayer dollars to subsidize multinational corporations and businesses connected to local elites, so in reality, the IFC is acting as a for-profit entity, and its lending tends to focus on the most profitable projects, which may not always be the most beneficial for poverty reduction. Further, if the IFC wants to achieve the SDGs effectively, it has to consider the following points:

³³ Ibid.

Playing a hybrid role in the public and private international financing which is a challenging job for the IFC, because first and foremost, must make it clear that the job done in the private sector was as successful as it expected and shows that it can go for a higher level in financial market. Also, lending money to the public sector requires a huge resource by which the IFC can feed the demanding states as well as the private sectors. The IFC has a limited source of money which is provided by the member states, so to enhance the resources, the states should come to the conclusion that they need to help the IFC, going a step further. Pointing out the above statement, does not mean that the IFC lacks of capacity to play a hybrid role, we believe that the IFC can play that role but needs to take that step, having a look at its resources because the capital in the financial market plays a crucial role.

The structure of the IFC shall be developed in a way that the IFC is considered as a Global Central Financial Institute (GCFI) to which every other financial institute can refer, as their leading partner. It means that besides the services provided by it at present, it can be the head of financial institutions in the private sector, which gives others guidelines and regulates their relations with the governments and private sectors. It is thus clear that this needs global cooperation.

Nevertheless, while we believe that the IFC is capable of taking an effective role in the modern world, there are obstacles in its way to the achievement. The most important one is the funds or the monetary resources. In this respect, the state members must increase the funds to solve this problem and make the IFC a powerful financial institution.

Therefore, we believe that the IFC needs to define a new action plan according to which a hybrid role in doing the private and public financing will be included and granted to its performance to fill the

gaps and remove the limitations to achieve effective development outcomes based on the SDGs.